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# China Report

RED FLAG

No. 7, 1 April 1985

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17 June 1985

## CHINA REPORT

## RED FLAG

No. 7, 1 APRIL 1985

Translation of the semimonthly theoretical journal of the Central Committee of the Communist Party of China published in Beijing.

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GET A CLEAR UNDERSTANDING OF THE SITUATION, DO A GOOD JOB IN REFORM

Beijing RED FLAG in Chinese No 7, 1 Apr 85 p 2

[Editorial]

[Text] The Third Session of the Sixth NPC is now in process. The present economic situation and the ongoing economic reforms that the NPC session is discussing are all important affairs that the whole nation is concerned with and that have attracted worldwide attention. Through the current NPC session, the people of all nationalities will certainly have a better understanding of the excellent situation and will actively participate in the reforms and further advance the reforms.

The present situation in all fields in our country is good. Our political situation is stable and united; our economy is developing steadily, continuously, and in a well-coordinated way; our people's livelihood continues to improve. This good situation is a result of the economic readjustments and of the policy of reform, opening up to the outside world, and enlivening the domestic economy. The good situation provides us with favorable conditions for advancing our reforms. We should make full use of these favorable conditions and advance the reforms by seizing this opportune moment.

Meanwhile, some new things and problems have appeared in this good situation. These problems are mainly reflected in the following facts: We failed to strictly manage credit funds and consumption funds in the previous period; too much money was circulating on the markets; and the irregular practice of recklessly raising prices has pushed up the price of some commodities. The appearance of these problems can partly be ascribed to some people's incorrect understanding of the reforms we are carrying out or to their imprudent actions in the course of making reform experiments, and the problems are partly caused by the influence of the decadent capitalist ideology and other erroneous ideas that have induced some people to seek selfish gains in the course of reform. However, these problems only represent the nonessential side of the present situation. More importantly, the party central leadership and the State Council have promptly discovered these problems and have adopted effective measures to resolve them step by step. The settlement of these problems will remove the disturbances to our reforms, will protect the enthusiasm of the masses for reform, and will ensure the healthy and smooth development of the reforms in the future.

This year is the first year for us to implement the decision made by the 3d Plenary Session of the 12th CPC Central Committee. Ensuring a successful development of reform this year will be of great significance in consolidating and developing the excellent situation and boosting the people's morale. The government work report delivered by Premier Zhao Ziyang clearly pointed out the goal, orientation, guideline, and tasks of the current reforms and also put forward some concrete requirements for our work. All this fully represents the will and aspiration of the people of all nationalities in our country. We should unify our thoughts, act in unison, and resolutely carry out the principle of "unswervingly advancing reform, prudently taking action in the initial stage, and ensuring success in all reforms." We must be unswerving in adhering to the goal and orientation of reform and make active efforts, but at the same time we must be prudent in taking concrete reform steps. We must never act hastily and carelessly. Only thus shall we ensure success in our reforms.

In order to ensure success in the reforms, it is necessary to strengthen overall economic management and perfect our socialist legal system. The law is a major guarantee for the reforms. The NPC Standing Committee has done a great deal of work in this regard in recent years and has enacted a series of laws. The State Council has also laid down many concrete regulations and has promulgated many rules. However, our legal system is still not sound enough, and many things in the legal system cannot meet the requirements of the new situation of reform and the needs of the open and enlivened economic activities. In particular, we should strengthen our economic legislation and should lay down new regulations with legal effect with regard to problems appearing in the course of the reforms. The current NPC session will authorize the State Council to formulate interim regulations and rules on the economic structural reforms and on foreign economic activities. This will be an important measure for perfecting our legal system in light of the actual conditions of our country at present. Cadres of our party and all state functionaries should set a good example in abiding by party discipline and state law and must not go their own way without regard to the overall interests of the nation.

The law must be enforced, and lawbreakers must be punished. In the course of building a sound legal system, it is important to supervise the enforcement of the law. In the past, supervision in this regard was not adequate; so it must be strengthened in the future. At present, it is necessary to supervise the correction of various new irregular practices and supervise the behavior of party and government institutions and cadres. Some of the new irregularities involve activities that are legal offenses, so people involved in these activities should be punished according to the law. Supervision is not only the duty of the NPC Standing Committee and NPC deputies, but is also the right and duty of all people. All people have the duty of enforcing the law and abiding by the law. Everybody should supervise and should be supervised. Only thus can we create a stable, united, and law-abiding environment and ensure success in the reforms.

## LIBERATE THE SCIENTIFIC AND TECHNOLOGICAL PRODUCTIVE FORCES

Beijing RED FLAG in Chinese No 7, 1 Apr 85 p 3

["Forum"]

[Text] Science and technology form part of the social productive forces. This is a consistent viewpoint of Marxism. Before scientific and technological achievements are actually applied to the process of production, they constitute potential productive forces in the form of knowledge; only after they become work skills mastered by laborers or become the means of labor are science and technology turned into actual and direct productive forces. Therefore, the organic relations between scientific research and production should be realized through cross wise, regular, and manifold channels. However, a serious defect of our previous structure is that many of these channels are clogged and scientific and technological work is dis-associated from production. Scientific research units are only responsible to their leading bodies at the higher level, and they have no channels to directly serve production units and to orient their work to society. Research achievements are transferred without compensation through administrative channels. So the research institutes' work is mainly to fulfill the tasks assigned to them by the higher authorities. The state can merely allocate limited funds to the research institutes and cannot meet the needs in their research work. Even in the research institutes for which the state appropriates more money, some of their research personnel still cannot have sufficient assignments or even have no assignment. However, the hundreds of thousands of small and medium-sized enterprises throughout the country are urgently in need of knowledge, technology, and technical personnel to help their development. This is a long-standing knotty problem that has adversely affected the rapid shift of research achievements to actual production capacity, has hindered the scientific and technological work from being oriented to economic construction, and has restrained the display of the research personnel's wisdom and creativity. In a word, the old structure makes it difficult for the scientific and technological work to adapt itself to the objective needs of the economic reforms. Therefore, it is necessary to reform the structure of scientific and technological work in light of the reality in our country and in line with the laws governing scientific and technological development.



In recent years, many comrades and many units have been experimenting with various reform measures. The recently published "CPC Central Committee's Decision on Reform of the Scientific and Technological Structure" sums up the experience of the mass practice and gives comprehensive and correct answers to relevant questions. By implementing this decision and carrying out reform of the management system in scientific and technological work, most research institutes, especially those which are closely related to technological development, will become more dynamic in involving themselves in economic activities, and most research personnel will more actively take the initiative in adapting their work to economic development and will pay more attention to the economic results of their work. According to the reform program, society will give more honor to units and individuals who have made substantial contributions to economic development and show more respect for them; and the material benefits of the research personnel will also be linked with their actual contributions. We can expect that this will prompt more rapid and extensive application of research achievements to production and will give greater play to the role of scientific research personnel. This will greatly emancipate the productive forces formed by science and technology and greatly enhance social productivity, thus promoting our socioeconomic development and at the same time promoting our scientific and technological development.

At present, the conditions for reforming our scientific and technological structure are ripe. We should grasp this opportunity and make greater efforts in our work, advance the reforms resolutely and in an orderly way so as to develop the economy and enhance our scientific and technological level.

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MAKING POLICY BY WAY OF COMPARISON--UNDERSTANDING GAINED FROM STUDYING THE  
'SELECTED WORKS OF CHEN YUN' (1949-1956)

Beijing RED FLAG in Chinese No 7, 1 Apr 85 pp 4-12

[Article by Zhu Xiaoxun [2612 1420 6598]]

[Text] Under the guidance of the spirit of the 3d Plenary Session of the 11th CPC Central Committee and the 3d Plenary Session of the 12th CPC Central Committee, the people throughout the country are now concentrating forces on carrying out the socialist modernization program and economic structural reform. In the course of the modernization program and economic structural reform, leading departments at various levels and enterprise leaders frequently need to make policy decisions. Therefore, making policy on a scientific basis is of particularly great significance. The "Selected Works of Chen Yun" (1949-1956) (hereafter called "Selection" for short) have provided us with extremely rich experience. Comrade Chen Yun once pointed out: Admittedly, the proposals for policymaking should be based on investigations and study, but if one remains at this level of doing things, he will still be unable to make any policy decisions. To make policy decisions, it is also necessary to make a comparison among various relevant propositions. "Not only should we compare our propositions for policymaking with the existing and previous ones, but we should also compare them with what has been applied in foreign countries. By making a comparison in many ways, we can have a clearer picture of the situation and form a more accurate judgment." Comrade Chen Yun's expositions on making policy by way of comparison are the precious ideological wealth of the whole party.

I. Main Contents of the Concept of Making Policy by Way of Comparison

Materialist dialectics tells us that everything in the world is an integral whole of the unity of opposites, containing contradictions. The method people use to resolve contradictions is in itself an entity of the unity of opposites, also containing contradictions, namely, it is composed of two sides, both obverse and reverse. There is nothing on earth that consists of the obverse side alone without the reverse side. Similarly, the various policy decisions made by leaders to solve political and economic problems will naturally contain advantages and disadvantages as well as gains and losses. The difference between them lies only in the degree of advantages and disadvantages, not in whether or not they are completely flawless policy

decisions, that is to say, whether they have only advantages or merits without any disadvantages or demerits. Then, how should we judge which propositions have more advantages and will produce more positive results, and which have fewer disadvantages and will promise fewer losses? There is no other way but to compare two or more than two propositions with one another. To minimize errors in policymaking, while making policy decisions, leaders must work out two or more propositions for themselves to choose, rather than only a single one. This is the most important prerequisite for making policy by way of comparison. Comrade Chen Yun did precisely this in making any policy decision.

The second article of the "Selection" entitled "Problems in Current Financial and Economic Work That Merit Attention" is a summation Comrade Chen Yun gave at the Shanghai financial and economic meeting held on 15 August 1949. Touching on the takeover of personnel formerly working in the old regime, the summation said: "If we take over all personnel who once worked in the old regime, it will mean a heavy financial burden to us. However, if we dismiss these people and let them go unemployed with their livelihood unassured, the problems rising therefrom will be serious. Providing them with a proper livelihood will be a loss in financial terms, but from another point of view, it will create a good political impression. When people in the liberated areas learn that the livelihood of the personnel who once worked in the old regime is assured, they will no longer feel worried, and the number of people putting up resistance will decline as a result. In this way, the war can come to an early end with fewer losses in manpower and financial resources, and expenditure can be significantly curtailed as a whole." (p 15)

In practical work, we sometimes come across a phenomenon like this: The optional propositions have more disadvantages than advantages. In the face of this situation, leaders can still make a comparison between them. But this time they should only judge which propositions have comparatively fewer disadvantages, and the one which has fewer disadvantages can be considered more beneficial. This is called accepting the lesser of two evils. This is also a method of making policy by way of comparison. In the middle 10 days of October 1949, shortly after the founding of the PRC, there was a drop in the value of currency and price hikes occurred on a nationwide scale due to colossal government deficits and overissue of currency. Apart from the efforts made by organizations and the army to boost production and practice economy and those by the government to straighten out taxation affairs, there were still two ways of solving this problem. One was continuing to issue currency and the other was issuing government bonds. Having chosen the latter, the then Government Administration Council submitted a proposal to the People's Government Committee for Issuing Government Bonds. In expounding this choice, Comrade Chen Yun said in his article: "In the situation in which the nation faces financial difficulties, it is also a burden for the people to buy government bonds. However, compared with the losses resulting from the drop in the value of currency because of the increased issue of currency, this burden is relatively light. This is because the portion of devalued currency is to be shared by all, and if a person buys government bonds, although it can be counted temporarily as a burden, he will ultimately get the capital plus interest. Hence, nothing is lost. If the issue

of government bonds to minimize deficits results in an improvement in next year's situation in currency and price, this will benefit not only the working people, servicemen, government functionaries, and teachers who live off their wages but also the normal operation of industry and commerce. Therefore, in terms of the interests of the entire people, issuing government bonds is better than issuing more currency." (p 36) Proceeding from resolving financial difficulties and stabilizing prices, Comrade Chen Yun went on to make a comparison between collection of more taxes and issue of more currency and said: "Now the point at issue is whether to collect more taxes and issue less currency or to collect fewer taxes but issue more currency. There are only two ways to take. Collecting fewer taxes means issuing more currency and vice versa. There is no other way out. Some people demand us to collect fewer taxes and to keep prices stable simultaneously. This is impossible." Then, which way should we take? Comrade Chen Yun's decision was this: "Comparing collection of taxes and issue of currency, if conditions permit, collecting more taxes is less harmful than issuing more currency. This may add more relatively heavy burdens to industry and commerce, but stable prices will benefit the normal operation of industry and commerce. On the contrary, if prices fluctuate violently, no one will be willing to invest in industry. In this way, funds will be tied down by materials in stock or lie unused at home, and working people will have no jobs. Consequently, there will inevitably be waste in funds and labor power, seriously impeding production." (p 58)

The comparison between what is important and what is urgent in the order of work is, in fact, a comparison between pros and cons--as Comrade Chen Yun put it. Following the start of the war to resist U.S. aggression and aid Korea in 1950, there was no doubt that top priority had to be given to supporting the war in the arrangements of financial work. The problem was which should be placed second, maintaining market stability or picking up the expenses on various economic and cultural undertakings of an investment character. To make a decision, Comrade Chen Yun made a comparison between the two options. He pointed out: The problem of market prices is of extremely great significance to us. This is because price fluctuations will not only bring losses to the urban and rural population but also do fairly great harm to us politically, militarily, economically, and financially. Therefore, as far as the arrangements of financial and economic work are concerned, it is necessary to put maintaining market stability in second place and covering the expenses on undertakings of an investment character in third place.

It can be seen from the "Selection" that while making a comparison between various propositions, Comrade Chen Yun would always try his best to set out the advantages and disadvantages as well as the gains and losses of all propositions. At the end of 1955, the transformation of capitalist industrial and commercial enterprises resulted in the establishment of joint state-private enterprises across the board. Hence, how to make job arrangements for the capitalists was put on the agenda. At that time, there were two differing opinions on this matter: One opinion held that the capitalists are a form of wealth and we should use them, and the other argued that the capitalists are a kind of burden and we should not use them. Of the two

opinions, which was correct? Many speeches and articles by Comrade Chen Yun reveal that he made a full comparison between the pros and cons of the two opinions.

First, Comrade Chen Yun made an analysis of the advantages of giving jobs to the capitalists. He said: First, different from the landlords "who are not helpful but harmful to the development of social production, the capitalists, having a mastery of technical know-how, are capable of managing factories and organizing production." (p 301) Second, the capitalists are willing to work for us, although some of them put up resistance or superficially support us but nurse a grievance against us. Nevertheless, generally speaking, they are ready to follow the road of peaceful transformation. Third, by using the capitalists, we can hear divergent opinions. "The capitalists can, as often as not, promptly and directly find out where the mistakes in our work lie, because our work involves their vital interests in many aspects. They are capable of instituting 'a checkmate.' If they call for 'a checkmate,' we have to reply." (p 328) Fourth, giving jobs to the capitalists will not create additional burdens on us. They "feed themselves by what they earn in the country or precisely from the shops which they are operating. They should be allowed to go on with their operations to feed themselves. It is not necessary for us to provide them with any increased supplies." (p 286)

Second, Comrade Chen Yun made an analysis of the disadvantages of giving jobs to the capitalists. He said: First, among the capitalists there may be reactionaries and dandies who are not capable of operating and managing their undertakings and have to rely on others, but they constitute a minority. Second, the capitalists are both intelligent and capable. Some of our comrades have worries about not being able to surpass them. In fact, there is nothing to be afraid of. "Socialist ways are bound to triumph over capitalist ways. There is nothing to fear." (p 287) Third, some government functionaries may be corrupted by the capitalists. To counter this state of affairs, it is advisable to "use the deeds of cadres who are not afraid of the corrosive influence of the capitalists and who are able to act according to party policies as typical examples in conducting education." (p 291) Fourth, assigning the capitalists work in the professional departments will bring in bourgeois individualistic and capitalist ideas on business. This is certain. "Of course, with the introduction of the joint state-private ownership system, it is very unlikely that they can go in for everything on a big scale without restrictions, as they did in the past." (p 334)

Only after having made such comparisons did Comrade Chen Yun draw a definite conclusion: "Giving jobs to the capitalists is more helpful than harmful, a job which promises more wealth rather than creating additional burdens." (pp 335-336)

In selecting good propositions, we should set forth the pros and cons of every proposition as far as possible and moreover, put forth all feasible propositions and then make a comparison between them. For convenience's sake, the propositions can be reduced to a smaller number through screening,

but efforts should be made to ensure all those that ought to be presented are not left out. This is also an important aspect of Comrade Chen Yun's method of making policy by way of comparison. The way he formulated the policy concerning the state unified purchase and marketing of grain has clearly illustrated this point.

In 1953, grain supply became a serious problem on a nationwide scale. The main reason was that the demand for grain was getting bigger and bigger while the supply of grain was insufficient and the disparity between the purchase and marketing of grain was very great. What should be done? At that time, Comrade Chen Yun worked out some tentative plans, such as reducing the sales volume of grain on the market, the export volume of grain, the grain ration for the army and office working personnel, and the amount of grain reserves and grain in stock. After consideration, it turned out that none of these plans was workable. Consequently, Comrade Chen Yun proposed that grain purchase by the state be implemented in the countryside and a grain rationing system be introduced in the cities. However, the method of grain purchase by the state was a little risky. Then, could we look at another better method to replace state purchase? Comrade Chen Yun said: "I have thought a lot, including 'reformist' methods, but ultimately I found out this radical method." (p 207) Immediately afterward, he advanced his propositions for further deliberations. They included both state purchase and rationing, rationing alone without state purchase, state purchase alone without rationing, leaving things as they were, the method of not digging a well until one is thirsty, the mobilization of subscription, purchase in advance under a contract, and each going his own way. He made deliberations on the eight proposals one by one and came to the conclusion that only the method of both state purchase and rationing was feasible. This settled, Comrade Chen Yun went further by comparing the possible risks resulting from implementing the method and those resulting from not implementing it, and came to the conclusion that implementing the method was less risky than not implementing it. Subsequent practice proved that this policy decision by Comrade Chen Yun really conformed with the actual conditions in our country then and was the best plan for solving the contradiction between the demand and supply of grain.

Another important aspect of Comrade Chen Yun's method of comparison is that in the course of comparing propositions, it is necessary to conscientiously heed differing opinions. He once pointed out: "We must form an atmosphere of holding meetings to discuss problems whenever necessary. In making proposals, we must not be afraid of being censured by others, because only through discussions can our proposals become more rational and our work be further advanced." It can thus be seen that in Comrade Chen Yun's opinion, heeding differing opinions is not aimed at displaying the modesty of communists, and still less at going through the procedures for something, or indulging in formalism, but is necessary for comparing and deliberating various propositions in the course of making policy decisions. It is precisely because of this that in making policy decisions, Comrade Chen Yun would always patiently heed differing opinions and let others air their own views and he would invariably take the initiative in creating "antitheses" against his own proposals when he heard no differing opinions from others

and let differing opinions clash with one another, so that in the course of refuting the "antitheses," he could improve his own propositions.

## II. Some Principles That Should Be Firmly Grasped in Comparing Advantages and Disadvantages as Well as Gains and Losses

To make correct policy decisions, it is necessary for leaders to make a comparison between various propositions on the one hand and to use correct viewpoint and standards to weigh their advantages and disadvantages as well as gains and losses while comparing them with each other on the other. It can be seen from the "Selection" that the principles which Comrade Chen Yun has consistently upheld in comparing propositions are as follows:

1. Respect objective laws. Everything in the world is governed by its own subjective laws independent of man's will. In comparing different propositions in the course of making policy decisions, it is, therefore, necessary to regard whether they are in conformity with their own objective laws, and not whether they are in conformity with one's subjective will, as the yardstick for weighing their advantages and disadvantages as well as their gains and losses.

In the article entitled "The Principles Concerning Financial Work After the Start of the War To Resist U.S. Aggression and Aid Korea," while first affirming that supporting the war was the task of prime importance in financial work, after weighing the importance of maintaining market stability and of carrying out economic and cultural construction, Comrade Chen Yun decided to put maintaining market stability in second position. This choice was the result of respecting the objective laws of things and was a negation of the assertion of deciding on plans in accordance with subjective wishes. Comrade Chen Yun pointed out: "The days ahead are long. It is permissible to put off economic construction for a time and moreover, we have no alternative but to do that although it is against our will. This is because the war was not decided by us and the U.S. imperialists do not allow us to carry out construction. As far as a country's financial principles are concerned, it is impossible to carry out both war and construction simultaneously and to lay equal stress on and give consideration to both of them. The construction of some undertakings can and must be developed, such as the defense industry, because it directly serves the war. It is only after the war comes to an end that we can concentrate forces on economic construction. At present we may do preparatory work in various aspects, such as surveying resources and training cadres. Are there any people who are not happy to do this? The answer is, yes. However we must not indulge in 'sentimental investment,' or take the sentiments of some people into account at the expense of state investment. This is completely contrary to the objective of our economic construction." (p 116)

In his article "The Main Points of Financial Work for 1951," Comrade Chen Yun proposed that cadres engaged in economic work pay special attention to business accounting and act according to economic laws. He pointed out: "We must learn business accounting, do proper calculating, and strive to use resources sparingly. We must calculate the cost, the amount of man-days

needed to produce a finished product, and its market price. All these must be calculated properly." (p 132) Citing specific examples, Comrade Chen Yun said: "For example, if goods produced in Shanghai are transported to Shijiazhuang through Tianjin, Beijing, and Baoding, this is not a route designated in accordance with economic principles but based on a political system." This means dabbling in a "political economy" rather than "managing economic affairs." (p 131)

2. Proceed from the overall situation. The part and the whole are both related and different. In making a policy decision, whether we proceed from local and partial interests or from the interests of the whole will have a different impact on the judgment and choice of propositions. When expounding the advantages and disadvantages as well as gains and losses of propositions concerning policy matters, Comrade Chen Yun would always stress making a comparison between them by proceeding from the overall situation.

For example, when making the concluding speech at the Shanghai financial and economic meeting in August 1949, Comrade Chen Yun dealt with the two proposals on the problem of big sales of goods by state-owned trading companies in a situation in which there was private capital in large quantities and commodity prices had been unstable for many years. One proposal was that to stabilize the market, so long as conditions permitted, those that ought to be sold out should be sold out in large quantities. The other proposal was that to prevent future price hikes, no big sales of commodities should be introduced even if we had them. Both proposals had their advantages and disadvantages. Which proposal had more advantages than disadvantages depended on whether you approached it from the viewpoint of the whole or from that of the partial. Comrade Chen Yun's conclusion was: "If those that ought to be sold out are not sold out in large quantities, this will result in price hikes and in issue of more currency. From the viewpoint of the partial, the practice may be advantageous but it will do harm to the overall situation. We must be ready to sell our goods in large quantities by proceeding from stabilizing commodity prices--this overall situation." (p 12)

Again, in his 1950 article entitled "Unify Financial and Economic Work," Comrade Chen Yun made a comparison between the pros and cons of unifying and not unifying the management of state revenue and expenditure by proceeding from the overall situation. He pointed out: "As newly liberated areas, many localities have some difficulties practicing unified management in this regard. Meanwhile, after public grain and taxes are put under the unified administration of the Central People's Government, localities may possibly have greater difficulties getting access to funds for covering their expenditures. Compared with the difficulties resulting from the continued, non-unified financial and economic management of the country and from the chaos in the banking and price sectors, this difficulty is much smaller in terms of scope, degree, and consequence. Therefore, it should be stressed that the partial should submit to the whole, and the local authorities to the central authorities, and that we should be ready to endure some smaller difficulties so as to avoid greater ones." (p 68)



Of course, the partial and the whole are relative rather than absolute. What is thought the partial in one aspect may be the whole in another, and vice versa. However, no matter what changes have taken place in the concrete contents of the whole and the partial, the principle of the partial being subordinate to the whole will not change. Comrade Chen Yun has his own expositions on this matter. In his article "The Main Points of Financial and Economic Work for 1951," he pointed out: Financial and economic departments should make a calculation of financial resources and see how much we can earn and spend in the years to come and from which aspects we can boost revenue and curtail expenditure. Moreover, "in considering all these, we should take both the financial and economic conditions and the situation of the world and China as a whole into account." (p 135) This tells us that the work which every leader is in charge of has something which is of overall importance, but on no account does proceeding from the overall situation necessarily mean proceeding only from his work, no matter how important it is. Under certain circumstances, the advantages and disadvantages as well as gains and losses should be compared on a scale bigger than the limits of a leader's work and in this sense, his work becomes part of the overall situation.

3. Approach problems from an all-round viewpoint. We should oppose a one-sided viewpoint and uphold an all-round viewpoint. This has persistently been stressed by Comrade Chen Yun.

In the course of instituting the joint state-private operations, Comrade Chen Yun held that on the one hand, the capitalists should be remolded and on the other, their professional knowledge and competence should be affirmed and their strong points should not be denied. Without an all-round viewpoint, we would have failed to acknowledge the strong points of the capitalists during the upsurge of the movement to transform the capitalist industrial and commercial enterprises in those years. If we failed to acknowledge strong points in the professional field, we would have failed to make the policy decision on assigning work to the capitalists, a decision which was later proved entirely correct.

4. Look at problems with an eye on the course of their development. Whether we look at problems from a viewpoint of development or see things as static and fixed will also have an impact on the judgment of the advantages and disadvantages as well as gains and losses of propositions. The "soundness" of a good proposition is relative under given historical conditions. With the change of developments and conditions, the advantages and disadvantages as well as gains and losses will also change and it is likely that a formerly good proposition will become a poor and even a bad one. If this occurs, our leaders should make a renewed comparison between the various propositions and make a new choice rather than rigidly sticking to the proposition already selected.

In 1952, after the movements against the "three evils" and the "five evils," market transactions became dull for the time being, causing difficulties to the merchants. To solve this problem, the central authorities readjusted the commercial policy practiced in the previous period, lifted some restrictions on merchants, reduced the number of state-owned retail stores and of

product varieties put under the state retail sales scheme, and let the merchants trade some commodities previously operated by state-owned commercial establishments. Comrade Chen Yun pointed out: "All these methods were necessary and correct at that time." (p 248) However, since large-scale economic construction was undertaken throughout the country in 1953, the supply of many commodities fell short of demand. Such being the case, the state could no longer allow private wholesale dealers to trade the main manufactured goods and farm produce which had already been in its hands and reduce the number of state-owned retail stores and of product varieties put under the state retail sales scheme. In other words, the best methods adopted in 1952 to carry out commercial readjustment could no longer tally with the current situation and should be abandoned. However, even at this time, Comrade Chen Yun clearly pointed out: "The method of planned supply can be nothing but an interim measure. So long as industrial and agricultural production increases and the production of consumer goods reaches the extent that market demand can be fully met, the rationing method should be abandoned." (p 260)

In adhering to and applying the viewpoint of development, Comrade Chen Yun has repeatedly expounded this truth, that is, in judging whether a method is right or wrong, we should see whether or not it conforms with the actual conditions under a given historical situation. In the absence of a given historical situation, it cannot be said whether a method is right or wrong. This is what is usually called the method of looking at problems from a historical viewpoint. The method of looking at problems from a viewpoint of development and this method form an integral viewpoint. They are all indispensable to making policy by way of comparison.

### III. The Role That the Method of Comparison Plays in the Stage of the Enforcement of Policy Decisions

After respecting objective laws and looking at problems from an overall or development viewpoint by proceeding from the overall situation and selecting the good as a policy decision through comparing the pros and cons of all feasible propositions, can it then be said that the process of making policy decisions by leaders has come to an end? Judging from the angle of making policy on a scientific basis, only half of the process is done and the other half is the stage of enforcing the policy decisions. This is because admittedly, the success of a policy decision depends on whether or not the propositions are properly selected, but more important, it depends on the objective results of a well-selected proposition and the former requirements of the proposition is fairly big, it is hard to claim that the policy decision is a success. In this sense, the implementation of policy decisions is still a matter of policymaking and a component part of the process of making policy decisions. How can it be ensured that the selected good proposition can produce the desired results after it is implemented? It can be seen from the "Selection" that one important guarantee is to continue using the method of comparison in the whole course of implementing policy decisions. Specifically speaking, attention should be paid to the following aspects:

First, we should soberly notice the disadvantages and demerits inherent in the proposition which we have selected as a policy decision, and try to check or keep them within bounds.

Generally speaking, in making a choice of policy decisions, more often than not, people can pay attention to the disadvantages and demerits of various propositions, but they are apt to neglect and even deny them when they have selected a relatively good proposition and implement it as a policy decision. However, Comrade Chen Yun acts differently. He not only never neglects the disadvantages and demerits of the proposition selected as a policy decision, but attaches more importance to its disadvantages and demerits after it is taken as a policy decision.

For example, as mentioned above, to solve the contradiction between grain purchase and marketing in 1953, the method of "state purchase being operated in the countryside while a rationing system is carried out in the cities" was selected as the state's major grain policy from among various proposals. Doubtless, this proposal was much superior to the other ones. However, after making this policy decision, instead of asking other people to set forth once again the advantages of the proposal, Comrade Chen Yun pointed out: "If all of you agree to this proposal, you must seriously consider what mistakes or chaos may occur with it," and "there are bound to be consequences because of our lack of experience." To counter the situation in which the implementation of this policy might affect the enthusiasm of the peasants for production, Comrade Chen Yun particularly stressed that in purchasing grain from the peasants, we should work hard to "not only give them banknotes but also provide them with materials." (pp 209-210)

Again, for example, in 1953, to solve the contradiction between market supply and demand, the state formulated the policy of planned purchase and planned supply. While fully affirming the positive role this policy played in the socialist transformation of private commerce and in further gearing commercial work to the needs of the state, Comrade Chen Yun also soberly noticed the negative effect it brought to the change and reorganization of China's market relations. He said: "This change and reorganization of market relations will unavoidably cause the relationship between state and private-owned commercial enterprises to become increasingly strained and bring more difficulties to the operations of the private business sector." "The number of personnel engaged in private commerce in China is very big (totaling 7 to 8 million pedlars and merchants who had permanent shops). Indiscriminately pushing them out, making no arrangements for them, and not providing them with the opportunity to earn a living will inevitably increase the number of the unemployed and result in chaos in society. This state of affairs must be prevented and corrected." (p 247)

Comrade Chen Yun would always pay attention to the disadvantages and demerits of the policy decision he made and moreover, give them full consideration; he would take the worst possibilities into account and take all necessary precautions on the basis of these possibilities. A significant turn for the better occurred in the economic situation in 1950, thanks to the implementation of the principle of turning decentralized management

of the national financial and economic work to unified management. One of its expressions was increased bank deposits. In his article entitled "Continue To Stabilize the Financial Market and Commodity Prices," Comrade Chen Yun pointed out: The policy "has played a great role in meeting the needs of financial and trade work." However, he went on to point out: "Due to our lack of experience in this respect, we have to prepare for the bad and guard against all possible risks." First, the risk lies in the fact that if there are relatively big price hikes, depositors will rush to draw bank deposits. To cover the withdrawals, the banks have to issue large sums of currency to meet the need because they have granted trading companies loans using bank savings or converted them into the U.S. dollar. The increased issue of currency resulting from bank deposit withdrawals by depositors and the panic purchasing of commodities on the market will possibly result in greater price fluctuations. Second, the risk also lies in the fact that the position of the renminbi has not been significantly consolidated and expanded and most people are still wary of the stability of commodity prices. For this reason, he said: "Countermeasures should be worked out in advance to cope with this risk" and made four specific proposals. One of the proposals was that in the face of violent price fluctuations, if there were still risks after all methods had been adopted to cope with them, "the last step we should take is to delay the handing out of the army and government outlay for 15 or 20 days and at the same time, to impose restrictions on the amount of bank deposits to be withdrawn by all organizations, state-owned enterprises, and cooperatives, and to freeze most of bank deposits for a short period of time." Comrade Chen Yun said: "This is an anticipated method. Judging from the current situation, there are unlikely to be any risks ahead within the coming 1 or 2 months. Therefore, it is not necessary to take this step. However, we ask the central authorities and comrades in all localities to allow us to take such a step, if by chance a dangerous situation arises." With all these, it must be said that all risks have been given full consideration and all well-conceived preventive measures have been taken. But they were apparently not enough, as Comrade Chen Yun saw it. He went on to point out: "Apart from making an appraisal of the risks resulting from price fluctuations in the financial sector and taking preventive measures beforehand, it is also necessary to closely watch another development which may possibly arise in the situation in which balanced commodity prices continue to last, namely, a sharp drop in prices." For example, "if a bumper harvest in wheat is reaped, the price of wheat will unavoidably fall." If this is the case, our method is "to exchange some coarse food grain and general merchandise for wheat. It is also advisable to purchase a certain amount of wheat so that the price of wheat will not be too low." (pp 84-87)

We should give as much consideration as possible to the difficulties which we may possibly face. This is, as people frequently say, "prepare for the worst and strive for the best." The facts have indicated that this way of doing things will not only not affect the determination of the leaders to carry out policy decisions but will also enable them to become firmer and surer in making a success of the implementation of the policy decisions.

Second, we should carry out policy decisions in accordance with actual conditions, suit measures to local conditions and to the particular time, and guard against "acting on impulse" and "demanding uniformity in solving different problems."

All leading departments and enterprise leaders must truly realize that there are no absolutely good policy decisions on earth. The "soundness" of a good policy decision is relative and conditional compared with other propositions. If we fail to stress conditions and to proceed from a specific time and place in doing things, we are apt to "act on impulse" and "demand uniformity in solving different problems" in the course of implementing policy decisions, and the "soundness" of a good policy decision will change into its opposite and good things will change into bad ones.

After a good proposal which he selected was determined by the central authorities as a policy decision, Comrade Chen Yun would always stress that it should be carried out in accordance with specific conditions and that the adoption of special methods in the light of special circumstances should be allowed, and uniformity should not be imposed on everything. For example, after the policy of carrying out a grain "rationing system" in the cities was implemented in 1953, Comrade Chen Yun pointed out: "With the introduction of a rationing system, the emergence of a black market is inevitable. Why? This is partly because some people do not have enough to eat and others have more than enough, and partly because the southerners are fond of rice while the northerners like wheat flour. This state of affairs will give rise to the need to trade in rice and wheat. People should, therefore, be allowed to trade in such commodities in some places under our leadership and supervision. There is nothing to be afraid of. This practice is much better than letting profiteers engage in speculation by exploiting the situation in which there is a scant supply of commodities on the market. Most important, it will set people's minds at ease, prevent the outflow of grain, and check some people in the cities from cornering the grain market." (p 214)

In implementing policy decisions, Comrade Chen Yun also adopted the method of comparison. He paid special attention to the accurate timing for formulating policy decisions on the one hand and never set excessively rash demands in implementing policy decisions on the other hand. This helped people keep the disadvantages of policy decisions within bounds more easily and helped promote the healthy implementation of policy decisions.

In his 1951 article "Do a Good Job in the Work of the Federation of Industry and Commerce," Comrade Chen Yun pointed out: We would rather apply other methods to put funds and personnel to full use rather than ban the Trade Association overnight. When the work of the Federation of Industry and Commerce has been done well and its prestige has risen, we should gradually make funds and personnel readjustments. Comrade Chen Yun said: "Such being the case, we still have to take reliable measures. This is called wading across a river by feeling the rocks in it. Impetuosity is bound to give rise to troubles. We prefer doing things in a steady manner, although it promises slower results, to doing things in a rash manner which results in mistakes. In particular, in managing national economic matters, more attention should be paid to this very point." (p 152)

The above-mentioned viewpoint of Comrade Chen Yun was manifested in a more concentrated way in his handling of the question of the upsurge of the drive to establish joint state-private enterprises. After the liberation, the transformation of the private industry and commerce, after 6 years' efforts, reached high tide in 1956, when state and private joint operations on an across-the-board basis, which were first initiated in Beijing, swept rapidly all corners of the country with people beating drums and gongs and setting off firecrackers every day to greet the occasions. Comrade Chen Yun was not satisfied with the way joint state-private enterprises were formed, a way in which people rushed headlong into mass action in an unplanned way. In his article entitled "Problems in the Institution of State and Private Joint Operations That Merits Attention," he dealt with three proposals: First, "in instituting state and private joint operation, it is necessary to clear property and check assets, to arrange production, to reorganize enterprises, to make personnel arrangements, and to form specialized companies. However, work in these fields has not been done. The way we gave our approval beforehand to the formation of joint state-private enterprises meant confusing the order of the work." (p 293) Second, "the government was formerly prepared to introduce the method of selling goods for the state on a commission basis among the shops which hire no employees. However, with the campaign to institute state and private joint operations reaching high tide, beating drums and gongs and setting off firecrackers, the self-employed people submitted their application forms to the authorities concerned asking to join the state and private joint operations. We had no alternative but to approve. Since there are many of them, if we indiscriminately treat them as we have handled the case of capitalist commerce, this will be harmful to their operations." (p 293) Third, "with the privately owned industrial and commercial enterprises becoming part of joint state-private enterprises, the existing modes of production and methods of management should be kept intact for a period of time so as to avoid discarding what was good in the past." (pp 294-295) It was precisely in accordance with these proposals of Comrade Chen Yun that the party and the government adopted active measures to solve these problems by stages and in groups.

To prevent the emergence of such practices as "acting on impulse" and "demanding uniformity in solving different problems," in his "Selection," Comrade Chen Yun especially touched on the question of propaganda. During the climax of the campaign to form joint state-private enterprises in 1956, some industrialists and businessmen and their family members used their gold, money in the form of the U.S. dollar and renminbi, jewelry, rings, diamonds, and house property to boost capital. On this question, on the one hand, Comrade Chen Yun affirmatively said: "This is a good thing and a manifestation of being politically progressive" and on the other hand, he pointed out: "If this action is encouraged inappropriately, we are bound to make mistakes and good things will turn into bad ones." He said: "At that time we did not publish and propagate their contribution activities in the newspapers. Discontented with such treatment, some industrialists and businessmen thought that they were not praised for the good deeds they had performed. However, we cannot afford to praise this practice. If the practice was published and propagated in the newspapers, there would have formed an atmosphere and a pressure, and the practice of coercion and commandism would have emerged.

Consequently, those who were in no position or unwilling to make more investment would have been obliged to do so." (p 303) It can thus be seen that Comrade Chen Yun related the way propaganda work was done to whether or not people "acted on impulse" and "demanded uniformity in solving different problems" in the course of carrying out policy decisions.

Third, in the course of enforcing policy decisions, it is necessary to constantly sum up experience and correct deviations as soon as they occur.

As mentioned above, from the viewpoint of comparison, all policy decisions can hardly be perfect in every way and they will always have one shortcoming or another. Some of these shortcomings can be predicted in the course of formulating policy decisions, and others can hardly be predicted and can be exposed only in the course of executing the policy decisions. To make a policy decision as perfect as possible, it is therefore necessary to be alert against all foreseeable problems beforehand and also to sum up experience in the course of its implementation so that the problems cropping up during its implementation can be promptly solved. Comrade Chen Yun attached particular importance to this matter. He said: "By summing up experience, we will be able to analyze what we did correctly or wrongly in the past, to keep a clear head, and to push our work to a new height. If we fail to sum up experience and to justify what we have done and if we are still muddleheaded despite several years of work, we will feel embarrassed when we meet Marx in another world, and our posterity will blame us too." (p 339)

At the end of 1949, the Central People's Government decided to issue government bonds. Initially, it was decided to issue 200 million government bonds, but a readjustment was made after half of the bonds were sold. Why so? This was because we summed up our experience in the work in good time. In his June 1950 article "Readjust the Relationship Between Public and Private Interests and Straighten Things Out in Taxation," Comrade Chen Yun said: "This year's issue of 100 million government bonds has played a very good role in withdrawing currency from circulation and in stabilizing commodity prices. However, the one-time issue was too big. If it was staggered, the results would have been a little better. It was not proper to issue such a big amount of government bonds all at once and even more so when issue of government bonds was carried out hand in hand with collection of taxes. Judging from the current money situation, it was also not appropriate to withdraw currency from circulation in such a concentrated and big way. As for government bond subscribers who owe a small balance and have the capability to repay, we should encourage them to pay off the remaining sum, and as for those who cannot do so, we should let them alone. No second-phase government bonds will be issued this year." (p 97)

In summing up experience, more often than not, we are confronted with the problem of responsibility. However, the purpose of summing up experience is mainly, as Comrade Chen Yun sees it, to correct errors and perfect policies so as to better carry out our work, rather than finding out who is to blame. If responsibility is to be pinned on someone, the chief responsibility does indeed lie with the leadership. This view of Comrade Chen Yun is consistent. In 1956, when summing up the negative experience in blindly

concentrating or merging private enterprises into joint state-private enterprises during the high tide of the drive to organize joint state-private enterprises, Comrade Chen Yun said: "Where does responsibility for these erroneous practices lie? Some people say that responsibility lies with the lower-level cadres. This view is wrong. The chief responsibility lies with the leading cadres, and in the first place in me. Some people say: We had better listen to the instructions from Beijing and not from local authorities, because the central authorities are good while local authorities are bad. The scriptures of the higher-ups are good but they are wrongly read by little monks because of their distorted mouths. How can a little monk with a distorted mouth read the scriptures correctly? All these views are wrong. We should also be held responsible for the mistakes committed by cadres at the lower levels, because we failed to give them clear explanations." (p 297) The problem of responsibility is not part of the notion of making policy by way of comparison, but the two are not totally disconnected. Acquiring a full understanding of this problem is of great help for our leaders to firmly grasp the purpose of summing up experience.

What I mentioned above is the sketchy understanding which I gained from studying Comrade Chen Yun's expositions as stated in his "Selection" on making policy by way of comparison regarding the essential factors of this scientific method of policymaking, such as its contents, the principles it should follow, and the role it plays in the enforcement of policy decisions. From what I have mentioned above, we can easily notice that the assertion of making policy by way of comparison is nothing but the concrete application by Comrade Chen Yun of Marxist materialist dialectics in practical leadership work and a component part of his Marxist way of thinking and work method. Meanwhile, we can also easily understand why he managed to make few errors in formulating various important policy decisions under the correct line of the CPC Central Committee headed by Comrade Mao Zedong during the period from the founding of the PRC to 1956, when he was in charge of national financial and economic work, and why he managed to achieve generally recognized outstanding successes in leading the severe struggle for unifying national financial and economic work, rapidly stabilizing commodity prices, and ending the galloping inflation left over by the KMT regime, in instituting the unified purchase and marketing by the state of such main farm produce as grain, in the socialist transformation of the private ownership of the means of production, in particular, privately owned industrial and commercial enterprises, and in programming and implementing the First 5-Year Plan.

All expositions as stated in the "Selection" on making policy by comparing propositions deal with important matters concerning the national interest, because Comrade Chen Yun was in charge of national financial and economic work then. However, so long as we master the essentials of the notion of making policy by way of comparison, leading departments at various levels and enterprise leaders can use it to direct their own policymaking work and proceed to make policy on a scientific basis. The research work on policymaking science just started in China can also draw useful inspiration from Comrade Chen Yun's theory and practice of making policy by way of comparison.

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COMMUNIST IDEALS ARE THE ESSENCE OF PARTY SPIRIT--AN INTERVIEW WITH COMRADE ZHANG YUN, MEMBER OF THE CENTRAL ADVISORY COMMISSION

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[Article by Wang Jiye [3769 4480 2814] and Liu Wenshao [0491 2429 7300]]

[Text] When the whole party is conscientiously studying and grasping the essence of the important guiding thought put forward by Comrade Deng Xiaoping "we must first rely on ideals, and second rely on discipline," to conduct the propaganda in this respect well, Xiong Fu, editor in chief of RED FLAG, paid a visit to Comrade Zhang Yun, member of the Central Advisory Commission.

Comrade Zhang Yun is an 80-year-old veteran party member who joined the party during the great revolutionary period. Although she was relieved of her post in the Central Discipline Inspection Commission after the 12th CPC National Congress, she concerns herself with the cause of the party, the future of our country, and the interests of the people. She goes deep into the realities of life to institute investigations and studies, and proceeds in a down-to-earth manner to do all she can within her capacity. She writes in a poem to portray herself: "I do not dare to say that I am tired even though my hair has turned gray." This is a fact in her life.

The discussion centered on party spirit. In recent years, Comrade Zhang Yun has written three articles for RED FLAG which discuss party spirit: The first article is "Strengthen Party Spirit and Strive To Effect a Fundamental Turn for the Better in Party Work Style"; the second article is "Communist Party Members Should Strictly Observe Discipline"; and the third article is "Strengthen Party Spirit and Overcome Factionalism." What is still uppermost in her mind now is party spirit. Sitting with Comrade Xiong Fu on the same sofa, she said cordially: "I am a party member of 60 years' standing. I have been reforming my mind all the time. Reforming one's mind, and reforming one's world outlook and one's outlook on life means strengthening party spirit. I have profoundly realized that the process of reforming one's mind is a process of strengthening one's party spirit. When I talk with people, I always talk about party spirit. When I write something, I always write about party spirit."

Talking about party spirit seems like uttering platitudes. However, when Comrade Zhang Yun talks about party spirit, she always links it with new ideas, new understanding, and new contents. At present, when considering the problem of party spirit, she links it with the current new situation and new problems. She considers it from the lofty sense of responsibility of a veteran revolutionary for the party cause.

First, she talked about her own feelings. She said: "Since the smashing of the 'gang of four,' and the convening of the 3d Plenary Session of the 11th CPC Central Committee in particular, the CPC Central Committee has made many strategic decisions. The line, guiding principles, and policies of the party are correct. Implementing an open-door policy, enlivening domestic economy, and reforming economic structure are all absolutely correct. We have achieved very good results in the building of material civilization and spiritual civilization. In particular, our economic construction has been developing very rapidly, the situation in the whole country is favorable and it is getting better with every passing year. I am overjoyed and feel increasingly happy about it. Now is the time I feel most happy. I know that the situation is so good, yet I never expected that it would develop so fast. I am always cheerful and gay. When the party is happy, I feel happy. When the party is sad, I feel sad. Happiness has occupied a predominant position in my life."

When this elder sister talked about the present favorable situation, she was so excited. All those present had an impression that what was uppermost in the mind of this veteran Communist Party member was the rise and fall of the party cause. Cherishing a feeling of great reverence, Comrade Xiong Fu said: "Feeling happy when the party is happy, feeling sad when the party is sad. This is the party spirit of Communist Party members."

After that, Comrade Zhang Yun said: "Although I am happy, I feel a bit anxious. Such anxiety is not uppermost in my mind, but I constantly feel it. What am I anxious about? I recently heard the saying, 'when the upper levels formulate policies, the lower levels have their own countermeasures.' It is a soul-stirring matter." She paused, and looked at the comrades present. She continued: "Under the present new situation, we are doing a lot of new work. While implementing an open-door policy, enlivening the domestic economy, and carrying out economic structural reform, we are encountering many new problems. There is no ready experience on which we can draw from books. There is no sufficient practical experience which we can follow. It is unavoidable that defects appear in our work. There is nothing to be afraid of. I am still happy with it. Some people lack understanding of the spirit of the central authorities, or do not understand it sufficiently, or misinterpret it. It is still pardonable even if they make mistakes. However, 'when the upper levels formulate policies, the lower levels have their own countermeasures' is not a trivial matter. 'The upper levels formulate policies.' To whom do the 'upper levels' refer? They refer to the CPC Central Committee, and the State Council. 'The lower levels have their own countermeasures.' To whom do the 'lower levels' refer? They refer to organizations and cadres at all levels. When the upper levels formulate a certain policy, the lower levels take countermeasures to deal with it. Does

this not mean deliberately being opposed to, and resisting the upper levels? Are those who do so still Communist Party members? If we say that such persons are weak in party spirit, we simply overestimate them. They have entirely lost their party spirit. If things remain unchanged, it is dreadful to contemplate the consequences!"

While talking about the new unhealthy trends, Comrade Zhang Yun put forward new ideas on the issue of cadres. She said: "The so-called cadres deciding everything actually means party spirit deciding everything." This remark contains profound truth. It not only points out that the new unhealthy trends demonstrate the fact that some party-member cadres are weak in their party spirit, or have lost it completely, but also tells us that while testing and selecting cadres, we should, first, judge whether they have party spirit, and whether their party spirit is strong or weak. This is because party spirit will decide the words and deeds of the cadres. Cadres without party spirit cannot do their work well."

Comrade Zhang Yun particularly stressed that party-member cadres should have ideals. She conducted a heated discussion with Comrade Xiong Fu on this issue. She pointed out: "While talking about building socialism with Chinese characteristics, Comrade Deng Xiaoping stressed the 'four have's.' We must have high ideals, moral integrity, education and a sense of discipline. He particularly emphasized that ideals and moral integrity were the most important. We should grasp the essence of this remark well. What are our ideals? The fundamental ideals are to realize communism and struggle for communism all our lives. We should be prepared to pay any price, and should not hesitate to sacrifice our all in order to attain the ideals of realizing communism. This is the generalization of the party spirit. In the final analysis, the so-called party spirit means struggling for communism. A communist party member without communist ideals means a communist party member without soul. Without soul, a communist party member will not have any party spirit whatsoever!"

Comrade Xiong Fu appreciated Comrade Zhang Yun's remarks very much. He said: "Communist ideals are the essence of party spirit."

Comrade Zhang Yun said: "Right! This is what I mean."

Comrade Xiong Fu said: "This involves a theoretical problem. Communism as a social system is a matter for the future. It is not a matter for today. However, we should keep the ideals in mind. We should give publicity to communism. Giving publicity to communism should not be regarded as 'leftist' stuff."

Comrade Zhang Yun said: "We are now struggling for this bright future!"

Comrade Xiong Fu said: "Communism as a movement started a long time ago. Every stage we attain and every step we take are our endeavors to struggle for communism. We are building bridges, paving the ways, and laying bricks and tiles for the realization of communism."

Comrade Zhang Yun said: "Communism cannot be realized at one go. We should advance step by step. To realize communism, all Communist Party members should have the spirit of the foolish old man who removed the mountain. We should persist in struggling generation after generation."

Comrade Xiong Fu said: "We give publicity to communism. But this does not mean that we must now implement the policy to be pursued at the communist stage. But we must have such a spirit and objective, people of the younger generation in particular. This is because they represent the future of the motherland. We should attach importance to providing education in the lofty ideals of communism."

In their discussion, they mentioned that the new unhealthy trends showed that the party spirit of certain party members was impure, and that some party members were devoid of party spirit. If party members are devoid of party spirit, this means, in the final analysis, that they fail to truly foster communist ideals. Only by fostering communist ideals and firmly believing in Marxism can they make the interests of the party, the country, and people their prime concern. Only in so doing can they assign the overall and long-term interests the most important position. This is a prerequisite for doing all work well. Communist Party members should not become seekers of immediate and partial interests. Communist Party members should not always think of what they have, but they should always think of what contributions they have made to the party cause. Comrade Zhang Yun stressed: "Communist Party members should have the spirit of one sowing and another reaping. They should not always think of themselves and look after their own immediate interests."

They diverted their topic of discussion to the new unhealthy trends again. Comrade Zhang Yun said angrily: "At present, what some people think of is not communism, but money worship. I never studied money worship in the past. I hope theoretical workers like you will analyze it. I believe that some people are not working for communism, but for 'self-interest.' They are still influenced by that saying of the old society 'when men stop looking out for themselves that will be the end of the world.' They do everything for self-interest, and the self-interest is mainly embodied in money. What they think of is money. What they see is money. What they hold in their hands is also money. I do not mean that we are not allowed to mention money at all. Now we are developing commodity production and carrying out commodity exchange. We cannot do so without currency. We still need money. The problem is we should follow a legal way to make money. We should not prohibit people from making money in a legal way and getting rich through hard work. We should not oppose their doing so. On the contrary, we should protect them, and encourage them to do so. But people are absolutely not allowed to seize every chance to gain advantage by trickery, to harm the interests of the state and the collectives, and undermine socialism. Communist Party members are communist fighters who should serve the people wholeheartedly. They should not become worshippers of money who think only of making money for individuals or small groups. If Communist Party members become worshippers of money, this means they have become degenerate. Are they still qualified to be Communist Party members?"

Comrade Xiong Fu also expressed his views on the problem of money worship. He said: "Money worship is a concept of value which regards money as everything. The 'Manifesto of the Communist Party' has clearly explained this. Although it does not use the expression 'money worship,' it has explicitly stated that the bourgeoisie has no other nexus left between man and man but naked self-interest, or callous 'cash payment.' At present, some people have based the party principle, personality, and relations between family members on money. Does this not mean money worship? What do we live for? Those who struggle for communism are communists. If people live only for money, they are worshippers of money. If Communist Party members make money by hook or by crook, what is their purpose in becoming Communist Party members? A nation must have a spiritual mainstay. Otherwise, it will lose its bearings. Our spiritual mainstay is not money, but communist ideals."

Comrade Zhang Yun said: "Our party has encouraged some people to get rich first. But they must get rich through hard work. Those who have become rich must help those who have not, so that they become rich together. Those who have got rich are not allowed to disregard the interests of others, or spend money lavishly. We should still advocate plain living and hard work. We should work selflessly for the public interest, take the situation as a whole into consideration, create and accumulate more wealth for the state, and make more contributions to the four modernizations program."

Comrade Xiong Fu said: "At present, some people are somewhat confused ideologically. Some people have said that offering a bribe can create value, and that gluttony and pleasure-seeking can enhance results. To them, the aim of the production of enterprises is to make money. They forget that we are now pursuing socialism. We should do things according to socialist principles. We should always think of the interests of the state and people."

Comrade Zhang Yun said: "We should promote socialist spiritual civilization. We should not forget all moral principles at the sight of profits."

After that, Comrade Zhang Yun talked about her views and opinions on strengthening party spirit. First, she pointed out: The party spirit of a communist party member can be tested through his own words and deeds. It is not empty phraseology. She said: "Whether a person's party spirit is strong can be tested. It can be tested by his attitude toward the line, guiding principles, and policies of the party. It can also be tested by whether his deeds suit his words, whether his appearance tallies with his inner mind, whether he behaves consistently in front of and behind other people, and whether he works equally well under supervision and without supervision."

She made an analysis of the party spirit of party members, and pointed out: "It is not a fact that all party members have gone wrong with their party spirit. Some of them are strong in their party spirit. Some of them are neither good nor bad. Some are weak. Others are devoid of party spirit. Those who are good in their party spirit should go a step further. Those who are neither good nor bad in their spirit should become better. Those

who are weak in party spirit should be educated. If the problem of those who are devoid of party spirit is serious, and if they violate law and discipline, the cases should be seriously dealt with. Taking disciplinary measures is also a kind of education." She continued: "The reasons why a party member is weak in party spirit are: First, he lacks the consciousness to reform his mind, and second, the party organization has not done enough to provide party members with education in party spirit. Therefore, providing more education in party spirit and enhancing consciousness for ideological reform are the two important aspects for strengthening party spirit. Enhancing consciousness is the most important aspect. I have been a party member for 60 years. I know from experience that it is very important to consciously carry out ideological reform. I always strive to become a person who is strong in party spirit. I hope that all party members, whether they are old or young, will become persons who are strong in party spirit."

Comrade Zhang Yun stressed: "It is not easy for a person to strengthen his party spirit. This is not something which can be done in a few days. Efforts must be exerted all through life. One is never too old to learn, to reform one's mind, and to strengthen one's party spirit. There is no limit to the work of strengthening party spirit. It is infinite." Just then, Comrade Xiong Fu chipped in: "Let us borrow an expression which is often used in sports circles: There is only a starting point and no finish." Elder Zhang said: "That's right. I also want to borrow a sentence from others: We must remind ourselves of the problem of party spirit every year, every month, and every day. I personally have not made great contributions to the party, but I pay serious attention to party spirit. I firmly grasp this principle." She added with deep feeling: "I hope that party spirit will become the seed which is spread in the hearts of party members, and that it will take root and blossom!" How sincerely this veteran party member hopes that comrades of the whole party will enhance their party spirit!

When talking about the issue of making great efforts to curb the new unhealthy trends, enhance party spirit, and strengthen the sense of discipline in the second stage of party rectification as the central authorities have advocated, Comrade Zhang Yun said: "I have profoundly realized that the CPC Central Committee discovers problems promptly. Once it found out that the party spirit of some party members was impure, or they were devoid of party spirit; once it discovered that some party members refused to obey orders, disregarded prohibitions, and failed to observe discipline, and that under the new situation some people took advantage of the reform to indulge themselves in the new unhealthy trends, it pointed out the problems promptly in order to solve them. It is wise for the CPC Central Committee to do so. Since the CPC Central Committee has brought up the problems, there is no need for me to worry about them too much. Throughout the history of our party, all mistakes can be corrected, all defects can be overcome, and all problems can be solved. I also believe that the problems which have occurred recently can also be solved. We should resolutely go about things according to the instructions issued by the central authorities. I hope that during the party rectification, we will concentrate on what is of basic importance. We should conduct a systematic education in party spirit so that our 40 million party members know what party spirit is,

why they should strengthen their party spirit, the harm resulting from the impurity of party spirit, and the way to enhance party spirit. We should particularly stress that all of us should carry out self-cultivation so that we know how to 'exercise caution about our personal life.' Strengthening party spirit is a matter of basic importance in the course of curbing the new unhealthy trends. Otherwise, even if we have curbed these unhealthy trends, they will occur again in other forms. In the past, we lacked systematic education in party spirit. It is not enough to carry out the education scrappily. The departments in charge of the building of the party such as the organizational department, propaganda department, discipline inspection commission, and the CPC committees of party organizations should pay attention to tackling the ideological problems of party members. Education in party spirit should be linked with reality. Empty discussions should be avoided. The education must be integrated with the ideological problems of party members." Comrade Xiong Fu said: "Elder sister, your proposals are good. After our party becomes a ruling party, how to carry out the building of our party well has become a matter of primary importance which concerns the future and fate of our party and state. The basic way for strengthening the building of our party is to provide our party members with education in party spirit. At present, some people express the idea that if we want to grasp reform, we should not grasp ideological and political work, because ideological and political work will impede reform. They set ideological and political work against reform. Other people say, 'to enliven the economy, we should relax party spirit.' It seems to them that the economy can be enlivened only after discarding party spirit." Hearing this, elder sister Zhang said: "Do they say so? They are wrong!"

When the topic of discussion was shifted from party spirit to the problem of discipline, Comrade Zhang Yun said: "Comrade Xiaoping has rightly pointed out that discipline is particularly important. We should clarify the relations between party spirit and discipline. Whether a party member can observe discipline is, in the final analysis, determined by whether he has party spirit. A party member who has party spirit can truly observe discipline. A party member who lacks party spirit cannot do so. Party members without party spirit might say that they also observe discipline. What they say cannot be relied upon. To enable party members to truly observe discipline, we should start with the work of providing them with education in party spirit. Education in discipline and education in party spirit should be integrated. In addition, we should also tell people that party spirit is a matter of basic importance. I point out in one of my articles that party spirit decides party work style, and that party work style reflects party spirit. This is also the case with the relations between discipline and party spirit. A party member without party spirit cannot observe discipline consciously. A party member with strong party spirit will never violate discipline, or do shameful things." Comrade Xiong Fu chipped in: "Good discipline is a manifestation of party spirit. This is because party discipline is a component part of party spirit, and one of the basic requirements of party spirit. Discipline must be consciously observed. Without party spirit, people cannot do so." The elder sister nodded her head, and said: "Right! We must do as Comrade Xiaoping has instructed. We should strengthen discipline. In the course of party rectification, we

should stress party spirit and discipline so that they strike a deeper chord in the hearts of the people. We should help party members enhance their understanding, consciously reform themselves, improve their political quality, and strengthen their party spirit."

Finally, the elder sister said earnestly: "I sincerely hope that the party rectification will be carried out well so that comrades of the entire party will exert their efforts to strengthen party spirit, and become true communists rather than money worshippers--communists who strive for the great ideals of communism all their lives."

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## THE WAY TO USE PERSONNEL UNDER THE NEW SITUATION

Beijing RED FLAG in Chinese No 7, 1 Apr 85 pp 17-18

[Article by Li Rui [2621 6904]]

[Text] Our country is now undergoing an earth-shaking change in the wake of the deepgoing development of the comprehensive reform in the urban and rural areas. The crux to ensure the continuous development of this good situation is that all our comrades at both the upper and lower levels, the leadership in particular, must keep abreast of the situation, anticipate the trend of development, thus avoiding mistakes in our work. Of course, little mistakes and troubles can hardly be avoided in the course of reform, especially the economic reform to be carried out in the urban areas. We should not be surprised at these mistakes and troubles but consolidate our legal system and strengthen party discipline. One of the important things is that we must have the determination to carry out reform and remain sober-minded at all times. One of the problems we are currently faced with is that "leftist" thinking still remains influential and there are worries over "capitalist restoration." Is it not true that some people insist that the open-door policy is the "opening of the five trading ports" in disguise ["Opening of the Five Trading Ports" was an article in the Treaty of Nanjing signed between China and Britain in 1842--product of the Opium War] and the policy toward intellectuals should still follow the line of unity, education, and transformation? The "leftist" conventions which we had adhered to over the past 20 to 30 years have had too far-reaching influence on us, theoretically and practically, in the fields of politics, ideology, organization, economics, culture, and education, as well as the various aspects of social life. It is really hard to eliminate their influence thoroughly. Therefore, getting rid of the "addiction to 'leftism'" will remain one of our long-term tasks in the days to come, otherwise we will not be able to readily make progress. The problem of "leftist influence" in the employment of cadres calls for particular vigilance.

First, what kind of qualified personnel should be used? Comrade Deng Xiaoping said: The decision on reform of the economic structure has put forth 10 principles, with the ninth principle being the most important one. Now all fronts of endeavor are faced with the need of fostering and employing the new generation of successors, in other words, the problem of using qualified personnel in the new period. It is correct to put emphasis on a

person's political identity when appointing him to a certain post. However, the specific content of the political requirements for personnel to be selected for a certain job which we adopted in the past had been set to cope with the historical circumstances at that time. It will be wrong if we do not revise the content of our political requirements in light of the new situation. Then what is the content of our political requirements today? Comrade Deng Xiaoping said: The four modernizations are the greatest politics today. "The major criterion is whether the person chosen can work for the good of the people and contribute to the development of the productive forces and to the socialist cause as a whole." ("Selected Works of Deng Xiaoping," p 141) We must adopt such a new concept and thoroughly change our old interpretation of the content of the political requirements, for without such a change our requirements in selecting someone for a job cannot be changed.

I suggest that everybody make an analysis of the "theory that only class origin should be taken into account." What the hell does it mean by emphasizing that "theory"? The current situation encourages us not to stick to one fixed pattern in selecting personnel. Many problems cannot be solved once and for all without thoroughly negating the "theory that only class origin should be taken into account." Many of those "leftist" concepts and practices which had emerged in the past and have been playing negative roles were direct or indirect products of the so-called "theory of class origin." The protracted war environment in the past, the small-scale peasant economy and feudal ideology, and the low education level of our contingent of party members and cadres, all these factors resulted in the deep-rooted influence of the "theory of class origin" which in its turn served as the hotbed of the various mistakes of "left" deviation. Reviewing our history, we can see that it was intellectuals who suffered the most from ruthless attack. The majority of intellectuals in modern and contemporary China are progressive. With strong patriotic feeling and high devotion to their work, many of them joined the revolutionary ranks in the past. All the principal founders of our party were intellectuals. Why do they have to be classified as an "especially discriminated against group"? Just because they have had "class origin." The "theory on class origin" has been used as a theoretical ground for discriminating against intellectuals.

This wrong attitude toward knowledge and intellectuals has long prevented our talented people from giving full play to their talents and has destroyed many of them. This attitude is by no means less pernicious to social economic development than the hierarchy of the feudal times and the money worship of capitalist society. Theoretically speaking, any material productive activity has needed both mental labor and manual labor since the very beginning of human society; and mental labor has been playing a more and more important role in modern and contemporary times. As everybody knows, the proportion of "white collar workers" is growing higher and higher and has exceeded that of "blue collar workers" in the Western world today. One of our old slogans was: "The workers and peasants should master knowledge and the intellectuals should integrate themselves with the workers and peasants." The first part of the slogan has not been properly carried out. But, in implementing

the second part of the slogan, intellectuals have been forced to regularly go down to rural areas and plants, or even compelled to accept "reeducation" among the peasants and to do strenuous physical work. It seemed that intellectuals could only be properly "reformed" in this way. The theory that only strenuous physical labor can transform one's thinking is not historically progressive but rather regressive, both theoretically and practically. Nowadays, humankind is hopeful of making use of machinery or robots to handle strenuous work and is making progress in the development of machine intelligence. If we still place stress on a person's "class origin" or simply consider his "social ties" alone when selecting him for a job, how can we keep up with the current situation and the modern way of using personnel? I maintain that the "theory of class origin" should be forsaken. From now on, we should consider instead a person's ability and pay attention to the way of using and fostering personnel. Everybody has his own abilities. Capabilities which vary from individual to individual have nothing to do with the so-called class origin of a person. The conscientious implementation of the policy toward intellectuals is not an easy but extremely arduous task which calls on us to take effective measures and do a good job in real earnest.

Second, let us consider the composition of our cadre contingent in terms of their education standard. According to a 10-percent sampling obtained from the 1982 population census conducted by the State Statistical Bureau, of a total of 810,000 responsible people of state organs, party and mass organizations, enterprises, and nonproductive service institutions at all levels, only 6 percent had received higher education, 22 percent had received senior secondary or technical secondary education, and the rest merely had a level of education not higher than junior secondary (including illiterates and quasi-illiterates). According to the analysis of another survey conducted by the central departments concerned, the problem of the low levels of education of the leading cadres is particularly conspicuous in our financial and banking system. However, viewed from the level of education of our contingent of cadres as a whole, out of nearly 22 million cadres, 21 percent have received higher education and 42 percent have reached the level of technical secondary or senior secondary education. Basically, this 63-percent portion of our cadres (nearly 14 million cadres) at or above the senior secondary and technical secondary education level were fostered after liberation. This fact shows that the composition of our cadre contingent is not in keeping with our leadership structure in terms of educational level, or more precisely, most of our cadres with a higher level of education are holding ordinary posts. After the readjustment of the past few years, personnel with lower educational levels still make up about 50 percent of higher-level leading cadres, not to mention the vast number of leading cadres at or below the intermediate level. This unreasonable situation is an essential problem which must be solved. In order to keep up with the developing economic situation, we must also attach importance to readjusting the composition of the contingent of leading cadres at and below the intermediate level and leading cadres in the financial and banking system. Instead of capitalizing on his seniority, a cadre must have a good knowledge of Marxism and be eager to read books and to equip himself with scientific knowledge. Marxism needs to be enriched. Therefore, we must keep abreast

with the actual situation at home and abroad, read a lot of books, and equip ourselves with the ability to think and analyze. All these are directly related to our cultural attainment. The developing situation requires members of our leading bodies to be acquainted with science, technology, and management methods. Our leading cadres, especially leading cadres at higher levels, must have a wider range of knowledge and must display originality in their careers or specialized fields so that they can readily accept new information and constantly enhance their decisionmaking ability.

Third, it is necessary to pay attention to the use of vanguard-type cadres. A number of pathbreakers are now emerging from among leading cadres in various localities especially in enterprises. They have the following special characteristics: 1) Possessing a strong enterprising spirit, they are not content with the status quo; bearing in mind definite goals and adhering to their administrative programs, they dare to compete with others. 2) They dare to create something new and original, cast off the yoke of old conventions, and uphold truth while offending their superiors. 3) They are strong-willed, fear no attack, and can stand all sorts of retaliation. They demand high efficiency and prompt and strict implementation of orders. Sometimes they may give way to impatience or even lose their temper in the face of long-standing difficult problems. It is a pity that people used to regard vanguard-type cadres as rude and impetuous but ignored their real knowledge, deep insight, smart brains, strong enterprising spirit, and high sense of responsibility. Such an outmoded concept in evaluating people definitely must be changed.

Fourth, it is necessary to follow the mass line in selecting qualified personnel. As a long habit, cadres used to be appointed by a small number of people in charge based on discussion among the latter themselves. There were changes in the past few years and attention has been paid to the mass line in selection of personnel. In recommending a person for a job, an individual or a leading cadre must follow the mass line by extensively soliciting opinions from his colleagues and the masses. A recommended candidate is subject to assessment by the organization concerned. Children of cadres should be treated the same as others and should not be given any preferential treatment. Our organizational and personnel departments' involvement in the practice of seeking personal interests by making use of power will have very bad influence or even cause serious results. By the way, the composition of the cadre contingent of our organizational and personnel departments in terms of education level and professional qualifications needs to be further improved. Only when our organizational and personnel departments at all levels become "experts in selecting personnel" which are adept at discovering, gathering, and using talented people will we be able to ensure the proper implementation of the ninth principle laid down by the "CPC Central Committee's Decision on Reform of the Economic Structure"--"Promoting a new generation of cadres and creating a mighty contingent of managerial personnel for the socialist economy."

## NEW DEVELOPMENT IN THE CONCEPT OF COMMODITY

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[Article by Li Guangyuan [2621 0342 6678]]

[Text] In discussing the commodity relationships between enterprises under the ownership of the whole people, we must be clear about the problem of methodology: Can the concept of commodity which is formed on the basis of the commodity economy under private ownership be indiscriminately used to sum up commodity relationships under socialist ownership, and in particular, to sum up commodity relationships between enterprises under the ownership of the whole people? Should we use this concept to frame these unprecedented commodity relationships, or should we check, revise, and develop this concept by proceeding from these relationships? Correctly understanding these problems in our economic life will help us differentiate between the socialist commodity economy and the commodity economy under private ownership, so as to prevent using the concept suited to the latter to solve the problems of the former.<sup>1</sup>

In the history of science, it is often the case that old concepts are revised and developed with the discovery of new and unprecedented phenomena. Take optics as an example. In the beginning, light referred to various visible lights. Subsequently, ultraviolet and infrared rays, which are invisible to the naked eye, were discovered. So the concept of light changed by intension and extension and its sphere of application expanded. In modern optics, the visible lights are lights and the invisible ultraviolet and infrared rays are also lights. The concept of sound developed from that of audible sounds to that of ultrasonic and infrasonic sounds, which are beyond the range of human hearing. The concept of numbers developed from that of positive numbers to that of decimal and negative numbers. These new discoveries have changed the original concepts by intension and extension.

In Marxist economic theory, the concept of the commodity also developed.

In the works of Marx and Engels, commodities generally refer to the products of labor exchanged between private owners.

Marx and Engels maintained that there were no commodity relationships under socialist public ownership. Therefore their works do not expound the concept

of commodity which embraces both commodity relationships under private ownership and commodity relationships under socialist public ownership. In "Das Kapital," Marx dealt with the occasional commodity exchange in the last stage of primitive society as saying: "Commodity exchange started in the last stage of communities in places where communities or members of communities got in touch with each other." This was the beginning of private possession of products, which was followed by the emergence of private production. Although Marx admitted that commodity exchange started before the emergence of society under private ownership, he still insisted that commodity exchange demanded that both sides be the "private owners of the things exchanged." "Only the products of individual labor which are independent of each other are commodities mutually opposed to each other." ("Collected Works of Marx and Engels," Vol 23, pp 106, 105, 55) In relation to commodity relationships between private owners, such as small commodity production and capitalist commodity production, the commodities in general referred to in "Das Kapital" can be rendered as commodities in general. But taking account of the commodity relationships in the new historical period of socialist public ownership, Marx' concept of commodity cannot be rendered as the concept of commodities in general but a concept that embraces commodities under private ownership. It is very difficult to use Marx' concept of commodity as the concept of commodities in general to explain the commodity relationships under the socialist system.

In the early 1950's, while affirming that there were commodity relationships between collective farms themselves and between collective farms and state enterprises in "Problems of the Soviet Socialist Economy," Stalin actually revised the concept of commodity without reiteration and put forward a new concept: Commodities are the products of labor exchanged between different owners. The sphere of application of the concept of commodity began to expand: It could refer both to the products of labor exchanged between private owners and to the products of labor exchanged between different owners who are not private owners.

The new concept of commodity put forward by Stalin has now been popularly accepted by Marxist economists. Therefore, practically no one denies that there are commodity relationships between enterprises under collective ownership and between these enterprises and enterprises under the ownership of the whole people. However, we should explicitly point out that the concept of commodity we are now applying is different from Marx' and Engels' concept of commodity both in intension and extension.

The problem faced by Marxist economic theory is this: The experience of various socialist countries in their economic construction over the past several decades has proved that in the exchange of the products of labor between enterprises, there are commodity relationships similar to those between different owners. This objective fact requires us to revise the original concept of commodity and to expand its sphere of application. If we stick to the concept that commodities are the products of labor exchanged between different owners, we will find it impossible to accept the fact that there are commodity relationships between enterprises under the ownership of the whole people. According to his concept of commodity, Stalin

denied that there are commodity relationships between enterprises under the ownership by the whole people. This is not wrong in logic.

The expansion of the sphere of application of the original concept embracing newly discovered phenomena is due to the common attributes of the newly discovered phenomena and the phenomena existing in the sphere of application of the original concept. Let us take the concept of light again as an example. Modern optics can bring ultraviolet and infrared rays into the sphere of application of the concept of light because these rays and various visible lights are electromagnetic waves whose emissions can be traced by means of optical or photographic instruments. The difference between these rays and visible lights is this: The wavelength of ultraviolet rays is shorter than 0.39 micron, the wavelength of infrared rays is longer than 0.77 micron, and the wavelength of visible light is between these two. We cannot expand the sphere of application of the concept of light to, for example, sound waves, as sound waves are mechanical waves, which do not have the same attributes as light waves.

What is the basis for expanding the sphere of application of the concept of commodity to commodity exchange between enterprises under the ownership of the whole people? Or in other words, what is the common nature of this exchange and commodity exchange between different owners? Many people have experienced this common nature in their tens of thousands of exchange activities: Apart from selecting the products suited to their own needs, both sides give particular thought to whether the labor materialized in their products has appropriate compensation. Simply speaking, commodities are products through which both sides give particular thought to compensation for labor. If the concept of commodity is formed on this basis, it can simultaneously embrace the commodity relationships between different owners as well as commodity relationships under the ownership of the whole people.

Forming the concept of commodity on such a basis indicates the following: Both sides giving particular thought to compensation for labor denotes the essential difference between commodity exchange and the other acts of transferring products, such as giving away, donating, supporting, presenting, inheriting, confiscating, and allocating.

The producers need to exchange their products because there is social division of labor. But this condition alone will not turn the exchanged products into commodities. Only when both sides give particular thought to whether the labor materialized in their products has appropriate compensation from their counterpart, can the question of whether various types of concrete labor are equal arise, can the necessity for turning concrete labor into equal abstract labor emerge, can commodities have the attribute of value, and can the value of commodities come into being.<sup>2</sup>

The practice of giving particular thought referred to here is a practice of weighing the advantages and disadvantages, the result of which will affect the initiative of the persons carrying out commodity exchange and production: If the compensation is worth the products, a transaction will be concluded and production and exchange will be continued; the more the

profits, the higher the initiative; the less the profits, the lower the initiative; and if the compensation is not worth the products, nothing will be concluded.

The practice of giving particular thought to whether the products of labor have appropriate compensation is a social economic phenomenon indicating neither the good nor the bad nature of the person concerned. When certain social economic conditions enable such a practice to become a popular and regular phenomenon in exchanging the products of labor, the relationships of such an exchange are commodity relationships, the products of labor become commodities, and the value of labor is formed. In places where there are different owners, both sides are different owners due to the existence of the above phenomenon. This does not exist in enterprises under the ownership by the whole people, but there are other social economic conditions causing such a phenomenon (I will deal with these conditions later). Under whatever conditions, using supereconomic methods to force people to give up such a practice (such as forbidding people to select the products to be produced according to the profits) will reduce their initiative in production and exchange, and such reduction of initiative indicates another form of weighing the advantages and disadvantages.

Based on the experience in the Soviet Union's socialist construction over the past decades, Stalin pointed out that under socialist public ownership, the practice of weighing the advantages and disadvantages existing between different owners (between collective farms and between collective farms and the state) was a necessity. This was Stalin's contribution. However, the experience of various socialist countries in their economic life has proved again and again that such a practice between enterprises under the ownership of the whole people is also a necessity. More and more people can see such a necessity. This is not merely the result of logical reasoning, but such a necessity is evident to people every day. On the one hand, after enterprises have decisionmaking power, they are active in producing expensive (as compared with their value) and profitable products; they are not interested in producing cheap and unprofitable products. This shows that they give a particular thought to compensation for the products of labor. On the other hand, when enterprises do not have decisionmaking power, they can in no way give a particular thought to compensation for the products of labor and therefore their initiative drops. All this is another form of weighing the advantages and disadvantages. One can use political and administrative means to counteract or reduce, to a certain extent or within a certain scope, the influence on production initiative resulting from the practice of giving particular thought to compensation for the products of labor and weighing the advantages and disadvantages, but one cannot wipe out this influence or deny its existence.

Since enterprises under the ownership of the whole people have the same ownership, why do they still weigh the compensation for the products of their labor in the course of exchange? It is correct to say that while taking account of the overall interests of the ownership by the whole people, enterprises should also consider the interests of their laborers. But this is not enough to answer the question, because in communist society



there is still the difference between overall, partial, and individual interests. By then, enterprises will still consider the interests between these three. The problem is this: Under the socialist system, the material interests of laborers manifest themselves in the fact that laborers want to give particular thought to whether their labor has appropriate compensation. Since this is the case, enterprises, being the collective bodies of laborers, have no alternative but to give particular thought to whether the products of their labor have appropriate compensation. But why is it that laborers who are the common owners of enterprises under the ownership of the whole people want to give particular thought to the remuneration for their labor? Because the products are still far from being able to satisfy the needs of laborers in such a way that the distribution principle of to each according to his needs is implemented; the division of labor between physical and mental laborers and between industrial and agricultural laborers still exists; and labor has not become the first need in the life of ordinary laborers. These are the bases for implementing the distribution principle of to each according to his work in the socialist period. They are the fundamental reasons why enterprises under socialist public ownership have no alternative but to give particular thought to whether their labor consumed in producing their products has appropriate compensation. They are also the reasons why there is commodity exchange between enterprises under the ownership by the whole people. Try to think, if these conditions no longer exist and laborers no longer give particular thought to the remuneration for their labor, is it still necessary for enterprises to weigh the compensation for their labor contained in their products against the overall interests? Of course, it is not necessary. The materials consumed in the course of production will still be replaced by materials so as to continue production. In addition, it is necessary to calculate and compare the labor contained in products for the sake of accounting and planning, but this is different in content from giving particular thought to compensation referred to in this article. In the future, will the sphere of application of the concepts of commodity and value be expanded to such an extent that it will include such calculation and comparison? This question will be answered by future practice.

It is very natural that the distribution principle of to each according to his work (between laborers) and commodity exchange (between enterprises) are determined by the same social economic conditions. In the relationships between these two aspects, there is a common principle, that is, as everyone often says, the principle of exchange of equal labor. Although the concrete manifestation of this principle varies with the two aspects, strictly speaking, the "equal" labor here means "corresponding" labor defined according to certain social criteria. Commodity exchange between enterprises should be carried out in line with the criterion for effective labor (average necessary social labor). The part of enterprises' income used for distribution should be distributed according to the standard of effective labor (which manifests itself in various norms of labor in actual life) accepted by enterprises. "Corresponding" does not mean being the same. Putting aside all complicated factors, the fact that the part deducted by society and returned to each laborer in various ways is not in proportion to the labor done by each laborer has caused a disparity in the exchange of

equal labor in the course of distribution according to the work done. Again, putting aside all complicated factors, the fact that the state collects the differential income of enterprises brought about by their superior material conditions has caused a disparity in the exchange of equal values of enterprises. This occurs under the ownership of the whole people and not between different owners, therefore the disparities under these two situations are regarded as "corresponding" by society and the persons concerned.

Having a concept of commodity which embraces various commodity relationships, we must avoid using the concept of some special commodities (such as commodities under private ownership) to explain other special commodities (such as commodities under the ownership by the whole people), in order to dispel confusion. This will enable us to explain the characteristics of various commodities and the difference between them.

The production materials and products of enterprises under the ownership of the whole people belong to all laborers among the whole people. The laborers of organizations and enterprises under state economic management are entrusted by the whole people with exercising such ownership in various spheres. Therefore, their operation and managerial activities are not confined to the interests of laborers of certain departments or enterprises but embrace the common wishes and interests of all laborers among the whole people and reflect the final aim of communist production--to satisfy the increasing needs in the material and spiritual life of all the laborers.

The commodity relationships between enterprises under the ownership of the whole people are different from the commodity relationships between private owners in the following aspects:

--Going in for large-scale production when products are profitable and refusing to carry out production when products are unprofitable is not the supreme principle enterprises follow in their mutual relationships. The combination of partial interests with common interests and the subordination of partial interests to common interests are the higher principle. Sometimes, in consideration of the long-term interests of the whole people, some enterprises have to produce low-price or even unprofitable products.

--Competition between commodity producers does not constitute the main content of the relationships between enterprises. The more fundamental relationship between enterprises is to cooperate in realizing the common interests of all the laborers. Competition between commodity producers should be beneficial and not harmful to this fundamental relationship.

--The new-type commodity economy of enterprises under the ownership by the whole people is not regulated by means of spontaneous competition but by applying the law of development and the law of value in a planned and proportionate manner, allowing limited market competition. This regulation has formed the new concept of a planned commodity economy.

Some comrades stick fast to the old concept that commodity relationships only exist between different owners, asserting that enterprises under the

ownership of the whole people are different owners in a certain sense. With this concept, one cannot explain why leaders and laborers of enterprises take the subordination of their interests to the common wishes and interests of all laborers among the whole people as their highest duty, as a result of which the economy under the ownership of the whole people has become an organic body in which all laborers strive for a common goal. In actual life, this concept is not beneficial to criticizing and correcting the departmentalist tendency of seeking interests for small groups or individuals at the expense of the state and the people. The fundamental reason why laborers hate and oppose this departmentalist tendency and have the right to do so lies in the fact that only the united laborers among the whole people are the masters of enterprises under the ownership of the whole people. Fundamentally speaking, this concept abolishes or confuses the difference between commodity relationships between enterprises under the ownership of the whole people and commodity relationships between different owners (in particular, private owners). Therefore this concept cannot explain the characteristics of these new-type commodity relationships.

I have aired my superficial views for discussion with all comrades in the hope of soliciting criticism and guidance.

#### FOOTNOTES

1. Recently, individuals in some units have put making money above everything else. They stuff their pockets with money at the expense of the state and consumers. That leaders of these units are unable to make such a distinction in ideology is an important cause of this practice.
2. Some comrades say that so long as the products of labor have their use value and value, they are commodities regardless of what ownership system is exercised. In other words, they mean that products exchanged at equal value are commodities, thinking that such an exchange will help form the concept of commodity embracing both commodity relationships under private ownership and commodity relationships under socialist public ownership. However, value should manifest itself in commodity relationships. Logic does not allow us to use an unestablished concept to form the concept of commodity.

CSO: 4004/23

## PRICE REFORM AND STATE FINANCES

Beijing RED FLAG in Chinese No 7, 1 Apr 85 pp 23-24

[Article by Zuo Chuntai [1563 2504 0669]]

[Text] Price reform is very complicated. The unreasonable price system must be reformed. But the price reform will certainly cause many other problems. We will have to study many theoretical questions and solve many practical problems in order to carry out the price reform.

(1) Price reform and the circulation of currency. We must study the question of price reform together with other questions which are closely linked with prices. The circulation of currency is one of these questions.

Shortly before New Year's Day, at a forum held by the CPPCC, Premier Zhao Ziyang stressed the strategy of cautiously starting the reform and successfully carrying out the reform, which means that we must think about the next strategic period of the reform. This is a very important strategy. Vice Premier Tian Jiyun also pointed out in his article on the reform of the price system that in order to smoothly carry out the price reform, we must control the scope of capital construction, the increase in consumption funds, and the issuing of money, which means that considering the overall situation, all other aspects of our work should make way for the price reform. This is a very important step we must take in order to realize the strategy of cautiously starting the reform and successfully carrying out the reform. From the situation in 1984, we can see that, unfortunately, the other aspects of the work not only failed to consciously make way for the reform, but also surpassed the pace of the reform; the scope of capital construction was too big, consumption funds increased too quickly, and too many banknotes were issued. This situation was very detrimental to carrying out the price reform. Now that the year 1984 has passed, we should sum up the experiences and do our work better in 1985.

The broad masses of the people have a contradictory psychology: They not only want high salaries and more bonuses, but also stable prices. If revenues and increases in labor productivity cannot afford the salaries and bonuses, their hopes will not be realized. High salaries and high consumption cannot be accompanied by high prices, because high prices will certainly cancel out high salaries, and there will be no high consumption in

the end. So, if we do not handle this matter properly, things will go contrary to our wishes.

In recent years, our financial staff has summed up such an experience: In order to do financial work well, we should not get bogged down in financial revenues and expenditures, but should devote more time and energy to something other than finance, namely, to the study of the economy. In order to carry out the price reform, we must study the economy. The comrades who are keen on carrying out the price reform should also keep a close watch on the circulation of currency. If we find that the currency issued has surpassed the actual needs of economic development, we must give a warning and call it to the attention of the leaders and the relevant government departments.

(2) Price reform and state finances. Price reform will greatly affect state revenues and expenditures. The comrades of the financial departments must care about the price reform and study the price reform. And all the comrades of the price departments must, on the other hand, care about and study state finances and also understand clearly about the state's financial capacity.

The guiding ideology in making the price reform plan is: Taking care of not only the interests of the producers, but also the interests of the consumers (including the population financially supported by the staff and workers). When the two kinds of interests cannot be taken care of at the same time, the state finances will be responsible for making up the difference, either by subsidizing the producers or by subsidizing the consumers. Here, we want to ask further: When suggesting that state finances be responsible for making up the difference, who on earth will actually be responsible? Our socialist finances originate from the people and are used by the people. No matter to what extent state finances subsidize the producers or the consumers, the comrades of the financial departments will absolutely not have to pay the subsidies themselves. It is the broad masses of the people who will bear the burden. According to past experiences in readjusting prices, even when there was a well-balanced reform plan, that is, when there were neither profits nor losses, the state finances still had to bear part of the burden, either by taking in less revenues or spending more money due to unexpected circumstances and losses caused by price changes. The state finances had to do this. If the purpose of the plan is to ask state finances for help or even to bear a heavier burden, then whether the plan is reasonable or not will need to be reconsidered.

(3) Consciously applying the law of value and the question of conscious coordination. Since our country has been carrying out a planned economy, namely, the planned commodity economy, we must consciously apply the law of value. We can only consciously bring into play the subsidizing role of the law of value in certain areas (such as for some of the small commodities). We should consider dialectically and in a unified way, whether to "exercise control" or to "loosen control" over the prices and should not consider the question in a one-sided way. In order to smoothly carry out the price reform and consciously apply the law of value, it is quite necessary to maintain the respective and overall balance of both state finances and credit.

## THE NECESSITY OF PRICE REFORM AS SEEN FROM THE LAW GOVERNING THE CHANGES OF PRICING SYSTEM

Beijing RED FLAG in Chinese No 7, 1 Apr 85 pp 24-25

[Article by Hu Changnuan [5170 2490 2541]]

[Text] Like other things, the price system is constantly changing. The prices of some commodities increase, whereas the prices of some other commodities drop. But the prices of other commodities remain stable. We should not regard changes in the price system as accidental. They are the inevitable outcome of the functioning of the role of objective economic laws. The regular changes in the magnitude of value of various commodities are the decisive factor determining the regular changes in the price system.

The change in the magnitude of value of commodities are inversely proportional to the labor productivity for manufacturing the commodities. Therefore, the different changes in the magnitude of value of various kinds of commodities, which cause the relevant changes in the prices of these commodities, are directly determined by the different changes of the labor productivity for producing these commodities. The factors affecting such changes fall into two categories: technological and natural conditions. Due to the fact that technological conditions and natural conditions have different influence over the changes of value of various kinds of commodities, the price changes in terms of monetary value are also different. All this enables the prices of various kinds of commodities under the price system to change according to their own laws.

Judging from the trends of price changes of the commodities in the two main sectors of industry and agriculture, we know that due to the fact that agricultural products are more influenced by natural conditions (cultivated area, soil, climate and so on) than industrial products, the growth rate of labor productivity in agriculture is lower than in industry, and the rate of decline of the value of agricultural products is slower than industrial products. To enable the price proportion of industrial and agricultural commodities to conform with the changes of the value proportion of industrial and agricultural commodities, it is necessary to relevantly raise the prices of agricultural products under the condition of keeping the prices of industrial products stable. Otherwise, the price proportion of industrial and agricultural products will be in a state of imbalance, and the production

and circulation of industrial and agricultural commodities will be affected. Compared with 1950, the retail price of industrial products in the rural areas in 1982 increased by 13.7 percent, whereas the purchasing price of agricultural products increased by 207.8 percent. This reflected to a great extent such an objective economic process. However, in the process of increasing the purchasing price of agricultural products, we fail to raise, or to sufficiently raise, the selling price of agricultural products. Therefore, the retail price of agricultural products has gradually become lower than their purchasing price (the state purchasing price is higher than selling price), or the purchasing price is almost the same as selling price, or the selling price is only slightly higher than the purchasing price. This runs counter to the requirements of the law of value. This is an important reason attributable to the unreasonable price system.

Judging from the trends of price changes of the commodities in the industrial sector, we know that due to the fact that mineral products are more influenced by natural conditions (rich ore becoming lean ore, extracting from shallower to deeper ore beds, and so on) than the processing industry, and that mineral products are not so strongly influenced by technological conditions as the processing industry, and that labor productivity in the mining industry is comparatively low, the value of some mineral products has increased rather than decreased, and their prices are tending to go up. The indirect influence of natural conditions (using more mineral raw materials and fuel, whose prices have increased) over the industry involved in the preliminary processing of materials in the processing industrial sector is greater than technological conditions. The labor productivity of this industry is lower, and the rate of decline of its commodity value is lower than the medium level. Therefore, its prices are also tending to increase. Some new industries in the processing industrial sector such as electronics, chemical fibers, plastics and others are less indirectly influenced by natural conditions. But they are more influenced by technological conditions. The growth rate of their labor productivity is faster, and their commodity value is declining considerably. Their prices are tending to drop. Over a long period of time in the past, due to the fact that we did not regard the means of production as commodity and that we failed to understand the regulating role of production over the law of value, the commodity prices of various industrial sectors were not relevantly readjusted according to the law governing the changes. In particular, we failed to relevantly readjust the prices of mineral products, fuels, and raw and processed materials in accordance with the increase of their value, so that the prices of these commodities were much lower than their value. Compared with 1958 the production costs of coal in 1981 increased by 136 percent, but its price only increased by 95 percent. Although the production costs of pig iron have kept going up, from 1953 (the year in which the state set the price of pig iron) to 1980, its price has never been readjusted. This was also the case with nonferrous metals such as copper, aluminum, lead, zinc, and others. In recent years the prices of these commodities have been increased, but the margin of increase is still insufficient. This is another important reason attributable to the unreasonable price system.

Commodities of the same category might have different quality. The time devoted for producing them as required by society is also different. Therefore, their value is also different. With the development of production, we ought to set different prices according to different quality of the commodities. However, due to the fact that we neglected the role of the law of value for a long time in the past, the prices of the commodities of the same category were almost the same, even if their quality was different, or greatly different. Sometimes the prices of commodities of different quality differed only slightly. We failed to set different prices for commodities of different quality. This is the third important reason attributable to the unreasonable price system.

Regular changes in the price system reflect the regular and objective process of economic development. Proceeding from objective law, we should reform the existing unreasonable price system.

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THE MAGIC WEAPON FOR SOARING HIGH--AN INVESTIGATION INTO THE GUANGZHOU  
BAIYUNSHAN PHARMACEUTICAL PLANT

Beijing RED FLAG in Chinese No 7, 1 Apr 85 pp 26-28

[Article by the Research Office of the Guangzhou City CPC Committee]

[Text] The Baiyunshan pharmaceutical plant is situated at the foot of picturesque Baiyun Mountain in the suburbs of Guangzhou. When it was established in 1973, it had only 40-plus staff and three old-fashioned pill pressing machines, and produced only one type of creat tablet. This small obscure plant from the old days has today developed into an advanced enterprise which has over 180 technical cadres, over 2,000 staff members, and which is capable of producing over 100 types of pharmaceutical products. Since 1980, the output value of the factory has grown enormously and economic results have clearly increased. Last year, production value reached 140 million yuan and profits totaled 16 million yuan. These figures were increases over those for 1983 by 68.42 percent and 53.8 percent respectively.

This plant's rapid development has received wide attention in society. What is the secret of their high flying?

I. Reforming the System, Delegating Power to Lower Levels

After the 3d Plenary Session of the 11th CPC Central Committee the spring breeze of reform of the economic structure blew into Baiyunshan. In accordance with the spirit of the rural reclamation system's financial contract policies, the Baiyun Agricultural-Industrial-Commercial Corporation delegated power to the Baiyunshan pharmaceutical company as follows:

Delegation of financial power. The corporation implemented a fixed profit contract, and the method of dividing surpluses, with the plant. Using the 1979 figure as a base, the plant was required to raise this figure each year by 15 percent. Profits within this figure would be shared on a 20 percent-80 percent basis between the plant and the corporation. Profits above this figure would be shared on a 30:30:40 basis (30 percent would be handed over to the corporation, 30 percent would go to the plant as production development funds, and 40 percent would be used as collective welfare funds and bonuses for the staff) and this was not to change for 3 years. From 1983,

in accordance with the actual situation, the retained percentages were adjusted with 53 percent of the total profits being handed over, 30 percent being used for bonuses and staff welfare funds and 17 percent being used for production development funds. Also the enterprise was allowed to decide on the uses of its retained portion. When the plant gained financial power, the enthusiasm for developing production and the capacity for improving the lives of the staff both increased enormously. They yearly expanded reproduction and improved economic results. The level of material benefits for the staff also continually increased.

Delegation of power in terms of staff. The corporation stipulated that the plant director was to be appointed and dismissed by the corporation, and the deputy plant director would be proposed by the director and appointed by the corporation. The power to appoint and dismiss all other heads of departments and workshop heads as well as ordinary cadres, however, was completely handed over to the plant. The plant also had the power to recruit contract labor and temporary labor and to engage scientific and technical personnel from society.

Delegation of power in terms of production operations. The direction of production, production plans, and product sales were put completely under the control of the plant. The plant could determine these in accordance with market conditions. The plant could also formulate technical transformation and capital construction plans and, after reporting these to the responsible department for approval, could organize the planning and construction themselves. The implementation of plans which spanned several years, in general, needed to be reported only once. They did not have to be reported every year.

Apart from handing down power as mentioned above, the corporation also enthusiastically supported and safeguarded the reform at the Baiyunshan pharmaceutical plant. For example, the factory, in expanding reproduction, smashed through the fetters of some regulations and boldly recruited and used able people. They were censured for this by some people, while others reported the situation to higher levels. Facing up to the pressure, the corporation took a clear-cut stand and supported the bold reforms of the plant. The corporation bore some of the heavy pressure on the plant. It was precisely because of this type of enlightened "mother-in-law" that the Baiyunshan pharmaceutical plant was able to go all out in positively carrying out this reform brimming with vitality. This was an absolutely essential external condition for the pharmaceutical plant being able to soar high.

## II. Respecting Knowledge, Respecting Ability

Another important reason the Baiyunshan pharmaceutical plant has been able to soar high is that it has respected knowledge, respected ability, boldly put ability in an important position and has not begrudged spending money to foster and train able people. The leaders in this plant believe "an enterprise's vigor depends on its ability to meet emergencies, its ability to hasten the circulation of funds, and its ability to compete in the market. All these depend on its people and on the quality of those people. Competition

between products and between technologies is actually competition between intelligence and between abilities." How, then, did they go about using people?

First, they regarded able people and intellectuals in a dialectical way. Some comrades, within the confines of "leftist" ideology, pay too much attention to a person's shortcomings or faults and do not see their major positive aspects. They do not trust and will not use people who have made mistakes, which results in the stifling of many people's abilities. The leaders of this plant believe that they should look at able people and intellectuals in a dialectical way. Originally the plant had only one technician and this one person was far from able to accord with the needs of developing production. The pharmaceutical factory was under the rural reclamation system and thus was not allocated university graduates specializing in pharmacy. Thus, they went looking in society and boldly recruited several useful talented people. One was a pharmacist who had graduated from the Nanjing Pharmaceutical Institute. He had served a sentence for a crime, and on release worked in a neighborhood hardware factory. The plant prevailed over dissenting views, employed him in the plant, and allowed him to engage in technical work. He successively developed 30 different products in cooperation with relevant units. Of these, his "cold reliever" has an annual production value of over 10 million yuan. It is the largest pharmaceutical export of its sort from the port of Guangzhou. He has already become the assistant director of the pharmaceutical research office and heads the new product development work for the whole factory. The plant has successively recruited 21 technicians from society.

Second, it has full confidence and goes all out in employment. The responsible person in the plant's organic chemistry department graduated in the 1960's from the Shanghai Science University. Because of his family background and because he made a few mistakes, he was sent to the countryside. It was only in 1979, as the policies were being implemented that he returned to the city. Not long after he came to the pharmaceutical plant, the plant leaders asked him to take a team to a related factory in Nanjing to engage in scientific research. He was taken aback. The factory leaders encouraged him, saying: "You need not worry. If the research is a success, you will get the credit. If the research ends in failure, we will take the responsibility." The leaders' trust allowed this middle-aged intellectual who had experienced the hardships of life to throw off an ideological millstone, and with nothing on his conscience, he satisfactorily completed the scientific research tasks. Since entering the plant in 1980, he has successively overseen the development of test-papers for urine protein, urine sugar, and concealed blood. The quality is up to national advanced standards. The urine protein test-paper and concealed blood test-paper have won the provincial third-class scientific and technological achievement award, and the municipal second-class scientific and technological achievement award respectively.

Third, they have provided quite good working, studying, and living conditions for the intellectuals and caused the party's warmth to reach to the bottom of their hearts. In the last few years, with funds retained, this plant has built a "pharmacist's residence" which is superior to the

accommodation of ordinary workers. Thus, the scientific and technical personnel live a little better than the workers. The plant has also made appropriate arrangements in handling problems where husbands and wives had been separated through employment, and in arranging employment for their children. As for the technicians, engineers, researchers and professors who visit from outside units, the plant has especially set up a restaurant and has a vehicle to provide transport for them. Each month these people are given certain subsidies, but they have no specific tasks. Whenever the plant has difficulties, they ask these people to come and give advice. Also the plant appropriates special funds every year to purchase books and reference materials, and provides a certain amount of funds to all scientific and technical personnel, in accordance with their rank, to purchase reference materials. In order to motivate the enthusiasm of the scientific and technical personnel, the plant has also formulated regulations in regard to awards for scientific research achievements. If a person successfully develops or transplants a new product or achieves technical innovation, he will be given an award of 50 to 1,000 yuan depending on the contribution made. Large rewards are given for important inventions and creations and special contributions.

Fourth, they vigorously give free play to intelligence. First, they have selected young workers who are good students to participate in all kinds of specialized training. Six of their workers have already graduated from part-time universities and 12 workers have graduated from vocational middle schools. There are still 260 workers continuing their study. While the young workers are studying, they receive normal pay. Second, they carry out overall training for staff within the plant. From 1983 till August 1984, a total of 4,929 people participated in 149 training courses. Apart from the cadres and workers who must study specialized technical and management knowledge, even the cooking personnel participate in cooking technology training classes. Third, they have done everything possible to get a university graduate allocation quota. Since 1977, the state has allocated 73 graduates who now constitute 39.6 percent of the plant's scientific and technical personnel. Fourth, they have set up a scholarship system to encourage the children of the staff to be diligent in their studies. From the second half of last year, they implemented a scholarship system for children of staff members. Apart from giving certain scholarships to research students, university students, and senior middle school students, they also give appropriate monthly stipends to research students and university students.

### III. Stressing Information, Strengthening Operations Management

Scientific operations management is the major means by which Baiyunshan pharmaceutical plant soars high. The operations management has the following original aspects:

1. It stresses information and enlivens management. The plant has paid great attention to the "import" and "export" of information. In the "import" aspect, they have established a specialized market intelligence and information research office which gathers information about domestic

commodities and advanced science and technology. Also, through commercial departments all over the country, they have set up over 400 sales outlets. At the same time, these sales outlets are also information points. It is possible to get timely market information and timely feedback to ensure that products are meeting a need. For example, when throughout the country 127 types of pharmaceutical products were eliminated, the plant used the timely information that the market urgently needed worm tablets for children, erythromycin, and tasteless erythromycin, to quickly organize the production and supply of these products. Thus, it was able to supply 90 percent of the market for these types of products throughout the whole country. In terms of "export" of information, the plant places product advertisements in publications, on radio, and on television.

2. It has set up systems and clearly set down responsibilities. In order to grasp well product quality, the plant has drawn on the experience of foreign overall quality control methods. It has formulated quality control regulations and established regulations and systems from the time the raw materials enter the warehouse to the time the products leave the factory. In the major workshops, they carry out closed production. They have established 55 small quality management groups and formed quality examination teams from department to group and team level. They grasp the work at every link and at every level, so as to guarantee production quality. A worker, in order to get a larger bonus, once took three boxes of products which had not been inspected and mixed them in with finished products which had already been inspected. After the group discovered this, the members actually went through tens of thousands of boxes and took out those three boxes which had not been examined, in order to avoid an incident over quality.

In order that the cadres in the workshops and departments can fully bring into play enthusiasm and initiative for enlivening management, the plant has handed down management jurisdiction. All those problems which can be resolved by the workshop need not be handed over to the department for resolution. Everything which can be handled by a department need not be discussed by the plant. Those people who represent the plant in meetings and business talks need only adhere to basic principles and apart from that, have the power to make decisions. For example, in business talks, supply and marketing personnel have the power to decide on price increases and reductions, in accordance with the market situation, on the condition that they adhere to policy stipulations and guarantee the enterprise's profits.

3. They engage in "investment in prestige." Handling well relations with the outside is one of the important conditions in the development of the plant's production. They call this an "investment in prestige." Doing well in relations between the enterprise and the outside firstly involves strengthening its links with the society and positively participating in the welfare activities of the society. This is beneficial to developing social welfare undertakings and also promotes the production and sales of the plant. Many foreign businessmen and Hong Kong businessmen come out of admiration to discuss cooperative projects with the plant and sign economic contracts. Secondly, it involves gaining prestige through carrying out high-quality "five guarantees" service for commercial departments. In order to

eliminate any fear of later troubles the commercial departments may have in selling this plant's products, they boldly implemented the "five guarantees" for their products. They guaranteed against losses brought about through quality problems, any losses resulting from transport, any losses resulting from price decreases, any losses resulting from medicines being eliminated and any losses resulting from medicines being kept in warehouses past their date of expiry.

The plant pays attention to the lives of the masses and also pays attention to resolving the real problems in the lives of its staff members. This plant is far from the city but most of the staff members live in the city. This means they have to leave early and return late. There are many problems both at home and at work. In order to resolve these problems, the plant has gathered its own funds and built a staff canteen, accommodation, a child-care center, a health center, a hairdressers, a flood-lit football field, a swimming pool, a television relay station and so on. This has solved some of the staff members' difficulties and made their cultural lives richer. Also, they have formed a light music group, a football club, a basketball club, a sports society and a science society and each week they have a dance or a concert. Because they have been able to satisfy the needs of the staff members in their material and cultural lives, it has greatly fired the staff's enthusiasm and pride. The workers look on the plant as their family.

The plant has also broken down divisions between industries and continually developed new products, which has resulted in the plant developing in a pluralist and all-round direction. They have used their own technology and funds to set up satellite plants, such as a veterinary medicine plant, a skin protection products plant, and a plant for electrical medical apparatus. With relevant departments, they have set up joint operations which cut across regional divisions. They have become a shareholder in a joint pharmaceutical company, a Toyota vehicle repair center, the Southern China Book Corporation and so on. They have set up a joint venture medical and instruments plant with the Ochu Oka Medical Apparatus and Instruments Company of Japan, and set up a joint venture skin protection product factory and arts and crafts decoration factory with Asia's largest perfume company. In Shenzhen, they run the "Dong Fang Baiyun Pharmaceutical Company Limited" with the foreign trade department of Guangdong Province and business interests from Hong Kong. To sum up, the plant has enthusiastically brought into play its own superiorities and achieved quite good economic results without letting slip the opportunity to make great contributions to the four modernizations.

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## IT IS NECESSARY TO OPEN UP THE TECHNOLOGY MARKET

Beijing RED FLAG in Chinese No 7, 1 Apr 85 pp 29-30

[Article by Ke Wen [2688 5113]]

[Text] The CPC Central Committee's decision on the reform of the system of science and technology points out that we should promote the work of commercializing technological achievements and open up the technology market, thus adapting to the development of the socialist commodity economy.

Science and technology are mainly the outcome of the mental labor of the human race. The value of the products of the whole society consist not only of the value created by manual labor, but also the value created by mental labor. However, as science and technology develops, the technological achievements that are brought about by the mental labor of the human race grow increasingly greater in creating commodity value for the society. Many technological achievements have already become commodities in intellectual form that exist independently, and thus a new knowledge industry has taken shape. In the past, we all practiced "eating out of the same big pot," and technological achievements were often transferred free of charge by administrative means. This ran counter to the law of value and was detrimental to giving play to the initiative of scientific research institutes and scientific and technological workers and to stirring up our enterprises to compete with one another in absorbing new technological achievements and raising economic results. Now through setting up the technology market, we have switched from the practice of transferring technological achievements free of charge to the practice of providing technology by contracts with compensation. The scientific research departments can sell their technological achievements in the market, can invest in enterprises and can export technology to earn foreign exchange. As a result, technology as a commodity can fully realize its value through exchange, our enterprises can raise their economic results through applying technological achievements in their production, and our scientific research workers can also earn their due remuneration through transferring their technology. At the same time, the paid transfer of technological achievements links the economic interests of the scientific research institutes with those of the production units. As a result, the demands of production will quickly become themes of scientific research and scientific research achievements will promptly be applied to production. This promotes the establishment of a close tie

between scientific research institutes and enterprises. Practice has already begun to show and will continue to prove that once the door for technology circulation is opened, science and technology will continue to endlessly flow from our scientific research institutes and higher education institutes to our enterprises, our rural areas, and our hinterlands, and thus vigorously promote the progress of our enterprises, bring prosperity to our rural township and town enterprises, and promote the development of our hinterlands and remote areas. Some people call the technology market a "go-between" that links scientific research with production, a "tie" for the horizontal development of science and technology, and a "catalyst" for the reform of our scientific and technological system. They have good reason to say that.

Some comrades worried whether opening up the technology market and commercializing technological achievements would turn all scientific research achievements into commodities, put them into the market and thus weaken certain types of scientific research work whose achievements cannot be sold directly in the market. Actually, they put forth the question concerning the position of and relations between applied and basic scientific research. True, science and technology serve the society by raising labor productivity and directly creating wealth, but the mission of science is not merely that. It shoulders the task of probing into the secrets of the universe, understanding the objective world, and enabling the human race to leave the realm of necessity and enter the realm of freedom. Quite a few scientific research achievements cannot be directly turned into commodities. The decision of the CPC Central Committee points out: "While vigorously promoting the work of technological development, we should strengthen applied scientific research and enable our basic scientific research work to develop steadily and continuously." Applied and basic scientific research are linked with each other. Applied scientific research is a necessary link to transform basic scientific research achievements into applied technology. It can invent new technology, develop new industries, and renovate existing production technology. On the other hand, a major breakthrough in basic scientific research often opens up a new path for technological development and basic scientific research achievements will inevitably be gradually transformed into applied technology. Therefore, the two kinds of research should be developed in coordination. Of course, in order to open up the technology market and turn technology into commodities, we should vigorously strengthen our applied scientific research, but this by no means signifies that we can reduce our efforts in conducting basic scientific research; rather it requires us to attach sufficient importance to the basic scientific research with prospects for application. We should carry out our basic scientific research in the light of the characteristics of our country's natural conditions and natural resources. Once we find that some basic scientific research has a prospect for application, we should vigorously carry out corresponding applied scientific research and technological development. We should also carry out the basic scientific research for which no prospect of application is apparent, but which is valuable for understanding natural phenomena and the laws of nature.

A major key to opening up the technology market and to making our technological achievements flow into our economic construction is that our



enterprises must have sufficient ability to absorb and develop technology. As we reform our economic structure, in the face of the competition in the market, our enterprises will raise an increasingly more urgent demand for new technology and new products. On the one hand, they urgently want to rely on the scientific and technological forces in society and on the other hand, they conscientiously strive to strengthen their own ability in developing technology. An item of technological research achievement must be turned into the actual productive force in an enterprise through the application of the technology by the enterprise on its own. Only when an enterprise itself has the ability to absorb and apply technological achievements can the application of technological achievements be popularized and can technological achievements be transformed into long-standing and steady productive force. Therefore, we must enhance our enterprises' ability to absorb and develop technology. Not only should our large backbone enterprises gradually perfect their technological development sections and research institutes, but our small and medium-sized enterprises should also establish their own technological development workforce if they have the conditions for this. Moreover, scientific research institutes, and enterprises can establish various forms of associations. Through these associations, they can carry out mutual exchanges and cooperation and enable technological achievements to be more quickly applied to production and also enable our scientific research work to develop more satisfactorily.

Our scientific and technological workers are explorers for new productive forces. In order to open up technology, we need a large number of talented people who are good at applying technological achievements to developing new industries and who are good at dealing in technological commodities. We should discard the erroneous concept that views business with contempt and change the long-standing previous situation of failing to attach importance to talented people of this sort. Market personnel are a tie for our research institutes to cater to the needs of our economy, market, and society. The talented people who are able to open up domestic and foreign technology markets are indispensable for the prosperous development of our research institutes. We must select from among our middle-aged and young scientific and technological cadres the special professional workers who are good at dealing in technological commodities and who understand market information and we must give them training to enable them to carry out diverse forms of technological trade work such as the paid transfer of technological achievements, assigning technological contract responsibility, and providing technological advisory service and technological service. We should put into important posts and give great rewards to excellent market development workers. By doing so we will certainly be able to enliven our technology market and to enhance vigorously the vitality of our science and technology in serving our economic construction.

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THIS IS NOT JUST BECAUSE THIS IS THE YEAR OF THE OX

Beijing RED FLAG in Chinese No 7, 1 Apr 85 pp 30-31

[Article by Li Zhi [7812 0037]]

[Text] Perhaps it is because this is the Year of the Ox on our lunar calendar that there are more literary works about oxen and paintings of oxen in our newspapers and magazines. I do not have the time to read all of them carefully. A few days ago, I read in newspapers that in front of the office building housing the Shenzhen City CPC Committee and city People's Congress Standing Committee a statue of a "reclamation ox" was erected, and that responsible persons of the CPC Central Committee called on us all to learn from the spirit of "old oxen." Erecting a statue of the traditional image of an ox in a special economic zone where development is being achieved at a great speed cannot help but attract my attention.

There are many donkeys in my homeland, but few oxen. As a child, I liked to look at the pictures hung on walls during spring festivals. The theme of some of the pictures was a "child shepherd pointing at a village in the distance where apricot trees are in blossom." In one picture there is a fat boy riding a big ox, playing a flute, and looking carefree and content. I thought that the ox was indeed lovely, and that it bullied neither old people nor children and allowed people to sit comfortably on its back. Later, I learned to read and enjoyed a story in "Zuo Qiuming's Annotations on the Book Spring and Autumn." Duke Jing of the Dukedom of Chi (my hometown Jiaodong is situated on the site of his dukedom) was once playing with his son. He crawled on the ground, held a piece of rope in his mouth, and let his son ride on his back as if he was an ox. His son fell off his back and pulled out one of his father's teeth. This story shows the father's love for his son and reveals his respect for the ox. Later, I read about Confucius' brilliant disciples calling themselves "oxen," such as "uncle ox" and "baby ox." There are even more instances of our poets singing the praises of oxen. "I drink the water in the Yingchuan River when I am thirsty. I gasp when I am toiling in the moonlight. I will make endless efforts for a good harvest in autumn." "I have plowed thousands of mu of land, which has yielded thousands of boxes of grain. Who has sympathy for me now when I am tired? As long as I can feed lots of people, I think it is worthwhile to work until I am tired." These poems are to some extent sad, but the spirit of self-sacrifice in them is valuable.

People know that Mr Lu Xun praised oxen. The story about Duke Jing of the Dukedom of Chi inspired him and made him write the following passage in one of his poems: "Fierce-browed, I coolly defy a thousand pointing fingers; head-bowed, like a willing ox I serve the children." This has become a maxim for revolutionaries. He also said that he "eats grass, but yields milk and blood." I would say that he developed a new concept of oxen and imbued the spirit of an ox with a revolutionary touch. Mao Zedong, Zhou Enlai, and other revolutionaries of the old generation time and again cited Lu Xun's words to encourage our people. Comrade Mao Zedong said: "'A willing ox that serves the children' means willingly serving the proletariat and the masses of people. All Communist Party members, all revolutionaries, and all literature and art workers should learn from Lu Xun's example and be 'oxen' to serve the proletariat and the masses of people with all our strength and energy until we die."

However, for a time some people have said negative things about the spirit of an "ox." A few days ago, I read an article about renewing concepts. The article said: "Some of our literary and art works and some of our propaganda about theories" "blindly praise the 'old oxen' that are engrossed in hard work. Is there anything that reflects the spirit of our era and that is of practical significance in those works and that propaganda?" Later, I read similar things in two other articles. I think that our era is a socialist era and that the spirit of our era is naturally a socialist spirit. Communism is our ideal and our spirit and all our work is aimed at realizing this ideal. This is a new concept that is different from any previous concepts. In order to realize this great ideal, we must foster the spirit of "being oxen for the children" to serve the people and socialism. It is the so-called "spirit of our era" and "practical significance" that run counter to this spirit that need very much to be replaced by new ones.

People's concepts should necessarily develop in line with the development of the times and continue to be replaced by new concepts. If one clings to old concepts, refuses to make progress, does not understand the new situation, fails to study new problems, and obstinately clings to old concepts and conventions, one will inevitably lag behind the times and even become an obstacle to the progress of the times. A man like myself, who is older and who has more old concepts and conventions in his mind, should pay particular attention to this and should not regard anything he is not accustomed to as "being a departure from the classics and opposed to orthodoxy." However, our concepts are not fashion which is right as long as it is in vogue. A correct concept cannot be established in a few days. Moreover, in an era when the situation is changing quickly, it is not easy to adhere to correct concepts. We should have sufficient courage to break away from all old concepts that impede the progress of our times. At the same time, we should also have similar courage to adhere to the correct concepts that are denounced as being outdated, but are in fact necessary for our times. This is the spirit of "tenacity" advocated by Mr Lu Xun. In modern language, this means that we should "be as strong-willed as an ox."

During the spring, we can hear people praise oxen everywhere. This is heartening to us. But I hope that this is not merely because this is the Year of the Ox. It should not and must not be merely because this is a Year of the Ox.

## SERVING THE PEOPLE IS A SCIENTIFIC CONCEPT

Beijing RED FLAG in Chinese No 7, 1 Apr 85 p 31

[Article by Fan Kang [5400 1660]]

[Text] Not long ago in Wuhan, we exposed two strange but not rare things:

An organization under the signboard of the "Chinese literature" section of the Wuhan Publishing Department did not conscientiously "develop intellectual resources," but dealt in the business of fraudulently purchasing steel materials, automobiles, and so forth which are in great demand, and earned several percent and even nearly 100 percent of profits from reselling them. This malpractice has aroused the indignation of the masses.

In the middle-south area, the 1985 light industrial market information and commodity exchange fair decided to resist unhealthy trends and refused to give leather handbags as gifts to the participants. However, a problem came up at the fair. A private gain of 14 yuan got some people in an uproar, and they created a disturbance. As a result, the meeting was unable to carry on according to plan and could not but end in haste.

Doesn't this sort of thing allow us to say that some of our comrades are forgetting the fundamental things?

We are now advocating a renewal of basic concepts. In order to build a prosperous socialist country in an open world, it is really imperative for us to change the old concepts which were handed to us from the past and not to obstinately follow the old ways without change. Of course, we should throw away what we should throw away, preserve what we should preserve, and carry forward what we should carry forward. The attitude of pitting our traditional concepts against our modern concepts and the attitude of negating everything or affirming everything are not attitudes of seeking truth from facts. Since the Chinese Communist Party was founded, it has educated and required its party members and cadres to foster the idea of serving the people. It was an amazing feat in old China. The CPC does not hold that a man who does not look out for himself will be destroyed by heaven and earth, but holds that it is right and proper for him to refrain from looking out for himself. Is this not strange? Under the banner of "serving the people," these "strange men" of the Communist Party united

with several hundred million people to overthrow the rule of feudalism, imperialism, and bureaucratic capitalism and to successfully build a new China. Today, "serving the people" has become a traditional concept. This change reflects that the idea of serving the people has become the ruling idea in our society for a long time. We are proud of it. Is it necessary to replace this concept? Our answer is resolute and decisive. We cannot discard the concept, but can only carry it forward and imbue it with more extensive contents and raise it to a higher level. From the point of view of contemporary concepts, the concept of "serving the people," a concept we have talked about for several decades, should be regarded in its strict sense as a scientific and modern concept. It is a concept opposite of the value of the several thousand years of the old society. Its emergence presages, calls forth, and reflects the arrival of a new era in human society. The new era is by no means a kind of transient, modern trick, but represents the new historical era that has already initially emerged, will continue, and is full of vitality.

When we pursue new advantages, we should be sure that we do not throw away the advantages we already have. "Serving the people" is a very valuable spiritual advantage. We are afraid of failing to do our best to advocate it. How can we throw it away like a pair of worn-out shoes? If we do, how can we prevent such strange things as fraudulent purchases and sales of goods, just as the "Chinese literature" section of the Wuhan Publishing Department has done?

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## STRENGTHEN IDEOLOGICAL COMMENTARY TO REFLECT THE SPIRIT OF THE TIMES

Beijing RED FLAG in Chinese No 7, 1 Apr 85 pp 32-34

[Excerpts from speeches delivered at a forum organized by the RED FLAG Editorial Department on doing a good job in ideological commentary]

[Text] Editor's note: On 16 March, the editorial department of this magazine held a forum on how to do a further good job in ideological commentary. Below are excerpts from speeches by participating comrades.

Properly Run Special Columns, Strengthen Commentary Work

(By Ma Zhongyang [7456 0112 2254])

In addition to its existing special columns, such as "Ideological Commentary" and commentary columns on other matters, RED FLAG has recently opened up additional special columns, such as "Forum," "New Talks," "Selected Commentaries on New Literature and Art Works," and "Youth World." They are being run in response to the demands of the readers and in accordance with the needs of reform, with a view to strengthening commentary work in all fields of endeavor. It is hoped that comrades in the theoretical world and on all fronts will actively support and make joint efforts to run the columns in a more dynamic and attractive way.

The developments of reform have pressed people to do some hard thinking. In the face of new developments, efforts should be made to prevent people becoming diverse and confused in opinion. Both practical experience and the times demand theoretical workers to face reality and strengthen commentary work.

A commentary should make comments and reason things out. It is not easy to make a reasonable and convincing comment, because it calls for an accumulation of solid accomplishments and serious efforts to think things out on the basis of conducting surveys. In writing commentary articles, first, we should have a clear objective in mind, that is, we should shoot the arrow at the target--problems existing in reality--have a clear-cut stand on the question of whether to favor or to oppose, and try to avoid indulging in idle

talk or making comments containing nothing but generalities; second, we should stress accuracy, that is to say, we should be realistic and practical in setting forth questions and making comments or suggestions and call a spade a spade since it is unscientific to overstate or understate a case; and third, we should base our arguments on correct theory. These are the characteristics of RED FLAG's commentary work. While laying bare various phenomena and discussing matters of ideology and understanding, we should base ourselves on good grounds, make an analysis and summary, and convince people by force of argument. Only in this way can problems be straightened out both in thinking and in work. One ought not exhort people by assuming a pretentious posture, still less intimidate others by abusing one's power.

A commentary is valued for its terseness and forcefulness. A commentary should be several hundred, a thousand or more, or 2,000 characters at most in length. In writing a commentary, we must avoid by all means assuming a posture and making comments or suggestions devoid of content and must come straight to the point with succinct language. In enumerating new developments and commenting on new problems, we should adopt some new approaches, use some new terms, and free ourselves from the bonds of convention. An article can have appeal, if it is written in a lively, easy, and cordial and moving manner.

I hope these special columns will become close friends of the readers.

#### A New Wind Is Rising in the Theoretical World

(By Jia Chunfeng [6328 2504 1496])

The central topic of discussion at the forum sponsored by the RED FLAG Editorial Department was strengthening ideological commentary to reflect the spirit of the times. This is highly necessary and a reflection of the aspirations of many readers and also indicates that the hearts of the comrades at the department and of the readers are linked with each other.

Over the past year, I have taken part in theoretical forums attended by young and middle-aged theoretical workers on important topics concerning structural reform and the four modernizations program many times. While listening to speeches imbued with philosophic theory and intense emotion and reading the investigation reports coming from the forefront of reform, it seemed to me that a whiff of pure, fresh air was blowing on my face. More often than not, I was fascinated by everything written in the reports the moment I read them. I was overjoyed, moved, and inspired by them. I gained nourishment, enlightenment, and encouragement from the new and original ideas and sparks of thinking contained in the speeches and reports.

Can we not say that in the magnificent cause of promoting reform and creating a new situation in the four modernizations program, a generation of new people is emerging on the theoretical front under the guidance of the spirit of the two great plenary sessions?

This is an objective fact and also indicates that theory has been pushed to a new height in the socialist practice of present-day China and fresh headway has been made in the theoretical thinking of the Chinese nation and that China's philosophy and social sciences are growing and flourishing.

The fact that a large group of young and middle-aged theoretical workers have assiduously studied Marxism and scientific knowledge in various fields, modestly learned from theoretical workers of the older generation, and enthusiastically thrown themselves into, studied, and promoted reform shows that they have intense enthusiasm and a strong sense of responsibility toward national rejuvenation and the modernization cause which has a vital bearing on the fate of the motherland. Let me cite as an example the academic forum of young and middle-aged economists held for the first time in Zhejiang Province's Moganshan in September last year. Within a short space of several months prior to the occasion, the forum received some 1,000 treatises. At the forum which focused on urban economic reform, participants spoke without any inhibitions, with each airing his own views. In the course of the forum, very often, one would see forum participants enthusiastically discussing something in the illuminated rooms throughout the quiet woods. Even now, the lively atmosphere of discussion and the participants' courage in seeking truth and their soaring enthusiasm are still fresh in my mind. The forum produced some positive results and attracted the attention of leading organs. The Moganshan forum expedited the theoretical study of the problems cropping up in the practice of reform by young and middle-aged theoretical workers throughout the country. Thanks to the concern and help of veteran comrades, young and middle-aged theoretical workers have become a vigorous and most active force on the theoretical front. What a gratifying and encouraging scene this is!

We are living in a magnificent era of construction and pioneering. Performing pioneering undertakings in practice requires blazing new trails in theory. It is the lofty mission and social responsibility of our ideological and theoretical work to reflect the spirit of our times of seeking truth from facts, blazing new trails in reform, and forging ahead while constantly opening up new prospects in work, and to encourage people to be active and forward-looking, to work hard, to be bold in defying all difficulties in dedication to the motherland and the people, and to make greater contributions to the great four modernizations cause. Therefore, it is necessary to constantly draw nourishment from the fertile soil of life and practice and to seize the new things, new ideas, and new concepts which represent the development trend of history and the essence of the spirit of the times. The activities of young and middle-aged theoretical workers have greatly inspired us. The great practice is bringing up or expediting the maturity of a new generation. As a theoretical worker, I hope that our theoretical publications will further strengthen their ties with young and middle-aged theoretical workers, enthusiastically encourage them to carry out creative theoretical studies, and recommend the new practice prevailing recently in the theoretical community to our commentary work.



## Both Emancipation of the Mind and Adherence to Ideals Are Needed

(By Zhang Mingeng [1728 3064 5087])

In the course of reform, people's opinions will differ. If RED FLAG can make prompt comments supporting what is correct and criticizing what is wrong in the light of the differing opinions, this will have a positive influence on the fostering by people, in particular, young people, of correct ideals, beliefs, and sentiments.

In the course of economic structural reform, in ideological work, we should encourage, as I see it, both emancipation of the mind and adherence to communist ideals. The argument which asserts that if emancipation of the mind is to be achieved, it is only justifiable to dispense with communist ideals or which stresses that adherence to communist ideals will raise doubts and misgivings about the notion of emancipating the mind, is wrong. Adherence to communist ideals and emancipation of the mind are the unity of the proletarian world outlook and methodology. Communist ideals are the concentrated expression of the proletarian world outlook in the target of endeavor. The purpose of emancipating our minds and conducting reforms is to proceed from actual conditions and seek a road of achieving socialist modernization and ultimately realizing communist ideals in China. "Emancipating the mind" in the absence of the goal of communist ideals will not only cause people to depart from the objective of reform but also lead them to new ideological bonds. Emancipating the mind is the most fundamental of all the proletariat's methods of thinking. The proletariat has been enabled to discover the goal of the ideal of scientific communism because it relied on the effort to emancipate its mind and to shake off the bonds of feudal, capitalism, and various sham socialist ideas. To build a socialism with Chinese characteristics, we must also rely on our efforts to emancipate our minds and proceed to smash all rigid patterns and the trammels of old and outdated concepts. It is necessary to simultaneously emancipate the mind and uphold ideals. This is the most profound understanding we have gained from our personal experiences in practice since the 3d Plenary Session of the 11th CPC Central Committee.

### Comments on "Four Musts"

(By Shao Yukui [6730 3022 1145])

I hope that RED FLAG will become a good teacher and helpful friend to the vast numbers of party cadres and ordinary party members. I stress "vast numbers" here, because some party cadres and ordinary party members feel that the articles carried by RED FLAG are "far away" from them. That RED FLAG is prepared to strengthen the running of such columns as "Ideological Commentary" indicates that its editorial department is working hard to undertake the work in this regard.

The era in which we are living is an era of pioneering and also one where there are bright prospects for the party's ideological and political work. Doing a good job in running the "Ideological Commentary" column is a

component part of the party's ideological and political work and also an effective form to enable the vast numbers of party cadres and ordinary party members to have an exchange of ideas, to sum up experiences, and to heighten their political awareness. To attain this goal, as far as editorial work is concerned, it is necessary, as I see it, to broaden the scope of endeavor, to pay special attention to current events, to reason things out with accuracy, and to write articles with sincerity.

By broadening the scope of endeavor, we mean making more efforts to enrich the contents of the "Ideological Commentary" column and to gear it to the needs of more readers. All irregularities of a typical character within the party and society, which people committed because of their ideology and understanding, are liable to comment. Efforts should be made to avoid running the column as a column specially directed against some people or ideas of a certain type, and to enrich its contents as far as possible. By paying special attention to current events, we mean paying special attention to the matters of ideology and understanding among the masses, summarizing them into some topics of a typical and distinct character, and subjecting them to comment. For this purpose, both editors and writers should first, be highly responsive to information, closely follow the developments of the stirring activities in practice, and obtain what they need from the masses and second, acquire a higher level of ideology and understanding and a better grasp of policies. Only in this way can they grasp the essentials from among complicated things and phenomena. By reasoning things out with accuracy, we mean stating the reasons accurately. Ideological commentary work is aimed at convincing people by force of argument. For this reason, so long as we make a thorough analysis of problems using scientific, rigorous, and accurate theories, we can convince others. Therefore, in theory, we must guard against one-sidedness, not follow the fashion, and avoid doing things in terms of absolutes and vagueness. By writing articles with sincerity, we mean writing articles in such a way that, after reading them, the readers will feel they are treated equally and sincerely. To achieve this effect, writers should discard their haughty airs as educators and carry out persuasion work patiently among the readers in a heart-to-heart-talk way. If an article fails to make the readers feel as though they are being treated equally and sincerely, the article will lose much of its function.

We hope that the "Ideological Commentary" column will be run better and better, as will the whole magazine.

Change the Traditional Ways of Research and Propaganda

(By Huang Wenfu [7806 2429 4395])

With the coming of the new global technological revolution and the rapid development of China's modernization program, the intersection and mutual infiltration of various branches of learning and various fields of endeavor as well as natural and social sciences has become the most salient characteristic of modern social scientific development. Meanwhile, people's thinking is changing, as are their concepts, lifestyle, and mode of thinking. The from-book-to-book attitude of research and the so-called "spoon-feeding"

method of propaganda characterized by the "big problem-big theory-big article" formula have failed to meet the needs of social development. The viewpoint of practice and the propaganda method of "elicitation or assimilation" characterized by the "small article-big theory-big problem" formula has displayed its great vitality. To do a good job in ideological commentary work, it is necessary to put an end to the use of the traditional methods of research and propaganda.

First, we should keep close to reality, adopt the method of "going out or asking somebody in for advice," promptly find out what the people in all social strata are thinking, and solve both practical and ideological problems arising in the course of the four modernizations program, with a clear objective in mind.

Second, we should have a correct grasp of the pulse of the times and study and make comments on important matters of ideology and understanding which have a bearing on economic and social development. At present they are specifically manifested in economic reform and the drive to open the country to the outside world. For example, how should we understand the question of fully developing the commodity economy and resolutely prevent the principle of commodity exchange from making inroads upon our party's political life? How should we draw a clear demarcation line between economic invigoration and unhealthy tendencies? And so on. Correctly grasping and handling these matters is of vital importance to the implementation of the party's principles and policies and to the promotion of the reforms and the open-door drive.

The general principle for running the "Ideological Commentary" column well is to serve the four modernizations program. The specific forms of expression should be many and varied, as well as lively.

#### Give Play to the Role of Philosophy in Ideological Commentary

(By Yuan Zhiming [6678 1807 2494])

The social function of philosophy is mainly to give people world outlook and methodology rather than specific knowledge. This characteristic requires philosophy to stress giving guidance to people's mode of thinking in its service to the reforms and the modernization drive. Particularly in a time when many old-fashioned modes of thinking have presented obstacles to reform, a change in the mode of thinking is indispensable to the promotion of the reforms. Hence, philosophy should undoubtedly undertake an important social task.

In bringing the social function of philosophy into play, we should not avoid exploring major practical issues. While pondering problems in philosophical terms, we should make efforts to observe and analyze the penetrating nature of facts and the universality of conclusions rather than applying ready-made formulas everywhere over and over again or drawing an oversimplified analogy. Many important problems cropping up in the practice of reform have, in fact, become philosophical issues in a concentrated way. For instance, when

probing the mechanisms of conscious application of the planned commodity economy or the law of value, philosophical workers should deal with the interrelations of consciousness and spontaneity in the social movement; when studying the basic characteristics and current trend of scientific socialism and socialism with Chinese characteristics, they should observe and study the relationship between the general, the particular, and the specific; and when exploring how to tap, raise, and put people's initiative, wisdom, and creative ability to maximum use, they should study the source and formation of man's innate strength and the conditions for realizing it. Efforts should be devoted to the study of philosophy.

#### Run Magazines in an Open Manner

(By Peng Xiangfu [1756 3276 4395])

What the people are thinking of and what they need are, in essence, a reflection of the needs of society for theory and the requirements of the era in which we are living for theoretical work. Only when our magazines pay particular attention to these things can they be invigorated and loved by the masses. As a theoretical magazine, RED FLAG must maintain the closest links with social reality and the masses of people, dare to answer what the people are pondering, be good at organizing and leading people in creatively studying practical problems and the characteristics and trend of the development of the times. At present there are many long articles published in RED FLAG. Some articles deal with major theory but lack substance. They are so tasteless that people would rather "stay at a respectable distance from them." The age of reform calls for the reform of magazines. I hope RED FLAG will make improvements in areas ranging from substance, form, and layout to language so that it can become an open magazine that has the rich flavor of the times and is closely linked with real life.

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## COLLEGE STUDENTS ARE EAGER TO BECOME CAPABLE PEOPLE

Beijing RED FLAG in Chinese No 7, 1 Apr 85 pp 35-36

[Article by Wang Dianqing [3769 3013 0615] in "World of Youth" [qing nian tian di 7230 1628 1131 0966] column]

[Text] Editor's note: The "World of Youth" column is mainly published for college students. It discusses and studies the major problems related to their study, work, and livelihood, reflects their desires and demands, and thus helps our youth to become useful people for our four modernizations who have fostered communist ideals and who observe discipline. We require contributions to this column to be full of substance, short, pithy, and diverse in form, and to contain ideological value and knowledge. We welcome vigorous contributions by our youth work cadres, theoretical workers, teachers, and specialists, and we welcome even more contributions and letters from our college students and hope that they will work together with us to run this column satisfactorily.

Our country's college students are a "group of people" in our entire social forces who are most sensitive, who most eagerly want to learn, and who are most full of vitality. What are they thinking about at present? The answer is: They want to become talented people through a few years of study. To become talented is a common theme that can make contemporary college students excited, and among these students there has already been a rush to become talented.

The source of our students' enthusiasm to become talented is the state's economic structural reform. Reform is a major thing that our college students are thinking about and discussing. A few years ago, quite a lot of college students did not read many of the long articles published in our newspapers. However, since the "Decision of the CPC Central Committee on the Reform of Our Economic System," that was approved by the 3d Plenary Session of the 12th CPC Central Committee, was published, many students have repeatedly listened to broadcasts, vied with one another to read the newspapers, and carried out discussions on their own. They have become aware that the reform is a demand resulting from the efforts to carry out the four

modernizations and that an urgent task in the reform is to train and employ a generation of new people. In the major trend of the reform, they see the demand of our times for new-type talented people. The reform clearly points out to our college students the orientation for them to become talented and puts a certain kind of pressure on them.

At present, most of our college students have begun to discard the traditional concept that evaluates talented people by the marks they get in examinations. The "scholar-type" talented people who get high marks in examinations and have poor ability are losing their dignity in the eyes of our college students. To become the new-type talented people who not only have fostered ideals and observe discipline but who also are good at blazing new trails, making progress, and conducting reforms has become the goal of their struggle.

The reform in their concept of becoming talented has led to changes in their practice to become talented. They have a hunger and thirst in pursuing new knowledge. Those who major in arts want to learn something about science and engineering, and those who major in science and engineering want to learn something about arts. A college student majoring in arts or science and engineering has begun to become interested in economics. In the face of the new development of various kinds of knowledge, they are not satisfied with the knowledge that they acquire in their colleges and universities, and they go a step further to seek the renewal of their own knowledge in order that they can have the initiative in their hands in the future. From the large number of books and journals that our contemporary college students read, we can see that they involve a large volume and scope of knowledge. This is very heartening.

Our college students eagerly pursue new knowledge and have an even more urgent demand for training their ability. They wish to quicken the speed of "socializing" themselves and to shorten the "period for adopting themselves to" the demands of the four modernizations of their motherland after they finish college. They find that in their professional study, their teachers have inculcated them with too many things, and worry that being used to eating this kind of "fluid food" will make their "teeth" deteriorate. They urgently demand to grasp the "golden touch" through various means, namely to learn the method of self-study and the method of conducting research independently. They are not content with studying hard day and night on their campuses and are unwilling to stay away from the reality of the heated reform; and they hope to give play to their own knowledge, wisdom, and enthusiasm to do something for the reform and to use their knowledge to serve the people; and they also hope to acquire more knowledge through social practice, to train their ability, and to acquire an ability to deal with people and things that is suited to the socialist construction. Our college students are acquiring, through training, organization and management ability, the ability to cooperate with other people, and the ability to carry out social activities such as the activity of acquiring information. They regard the above aspects of ability as something they must learn. At the same time, through various channels of information, they have got in touch with various kinds of concepts that are being spread in our

society such as the concept of commodity economy, that of the law of value, that of competition, that of time, and that of the future, and diverse concepts of morality. We believe that they will be able to distinguish between them in their practice and to decide what to accept or to reject.

Supporting themselves has become a new trend in the rush to become talented among our college students. At present, the level of consumption related to our college students' study and livelihood is higher than that of the students in the past both quantitatively and qualitatively. They demand that they do work to support their own livelihood and study and thus become talented. The economic structural reform has provided unprecedentedly wide scope for them in doing that. Hundreds and thousands of our college students are utilizing their spare time and holidays and their mental and physical power to take part in various kinds of labor, both inside and outside their colleges, that they are capable of doing. They have thus added new vigor to the prosperity of the economic reform. By taking part in labor, our college students can earn some material remuneration to support their study; but what is more important is that during the process of labor, they can apply the knowledge that they have acquired, receive training to acquire various kinds of ability, foster a sense of labor, understand the significance of labor, and gradually realize their own social value and the historical tasks on their shoulders. College students supporting themselves will surely produce a far-reaching impact on the reform in, and development of, our higher education. Of course, in the future we should make further efforts to select proper forms for them to do work to support themselves.

Our country urgently needs talented people, our colleges are carefully training talented people, and our college students are eager to become talented people. The rush to become talented people among our college students is aimed at reinvigorating China and based on "catering to the needs of three sectors." The contents and activities of their efforts to become talented people are centered on satisfying the demands of the reform and our future needs. All this reflects in essence the political enthusiasm, ideological condition, and mental characteristics of contemporary college students.

In the future, China will have an even larger number of outstanding talented people who are able to score achievements. There will surely be even more magnificent prospects for our country's four modernizations.

CSO: 4004/23

## LITERARY AND ARTISTIC CREATION AND SOCIALIST HUMANISM

Beijing RED FLAG in Chinese No 7, 1 Apr 85 pp 37-41, 36

[Article by Ding Zhenhai [0002 2182 3189] and Li Zhun [2621 0402]--written in June 1984]

[Text] The persons or things which literature and art reflect and serve and especially their indispensable social ethical contents and the impact of their moral influence, dictate their having unusually close internal relations with humanism. Then what are the relations between socialist literature and art and socialist humanism? This is an important subject worth seriously studying.

### I

In recent years, heated discussions in our literature and art circles have focused on the relations between literature and art creation and socialist humanism. Many writers and artists have also made bold experiments in the practice of writing. It cannot be denied that despite the appearance of deviations and deficiencies or mistakes of one kind or another in the study of theory and the practice of writing, marked results have been achieved. Through contending theoretically and through exploration in practice, people have undoubtedly made important progress in their understanding of this complicated and important problem of literature and art. Just as Comrade Hu Qiaomu said: "In all kinds of work, we should pay attention to propagating and practicing socialist humanism. Works of literature and art should particularly make such propaganda efforts. What we oppose is only the propagation of the humanist world outlook and conception of history in works of literature and art or comments on literature and art and the propagation of the theory of human nature transcending history and society in distortion of revolutionary history and revolutionary realism. But we never oppose nor should we oppose expression being given in literature and art works to our revolution, our socialist society, and our revolutionaries' and workers' respect, sympathy, and friendly affection for people. We never oppose nor should we oppose literature and art workers' concrete and vivid descriptions, from the revolutionary and socialist standpoint, of genuine human nature, human feelings, patriotism, senses of justice and human dignity on the part of ordinary socialist citizens. If we should act this way, then that would mean not only doing something foolish but also opposing socialist



literature and art themselves, sapping their vitality and depriving them of their influence and educational significance." So long as we link things with the course of our proletarian literature and art movement and especially look back over experiences in literature and art creation and criticism, we can see that Comrade Hu Qiaomu's important remarks are really a profound summary of our historical experiences in the socialist literature and art movement.

Concerning the relations between literature and art creation and humanism, in the 17 years before the "Great Cultural Revolution" or in recent literature and art creation, there appeared efforts to consciously or unconsciously place history in a moral perspective with all the wide-ranging facts of social life reflected in literature and art included in the "tide of humanism"--the cherished illusion of resorting to abstract discussions like "human dignity" and "human values" to get rid of the historical-idealist trends in various complicated and profound contradictions in real life. It is of course proper and necessary to quickly point out and rectify such a phenomenon in literature and art. But at the same time, we must be sober enough to realize that the "leftist" influence in this regard is deep-rooted and has a long history. For a long period of time, a trend appeared in our literature and art creation toward neglecting the need for literature and art to portray the ideological feelings and the inner world of figures and the moral relations between people. The emphasis on the class character of figures was separated from and even opposed to the portrayal of their traits. It seemed that any description in literature and art works of human nature and humanism was a descent into the bourgeois and revisionist quagmire. Given the pressure of such public opinion, the writers' and artists' creative thinking would naturally be inhibited and the great vitality of literature and art repressed. Just as a writer, who had received unfair treatment where the problem of human nature and humanism was concerned, said: "The very mention of this problem makes a person so nervous that he is afraid of his own shadow. He cannot help feel scared. Though he can justify what he puts down on paper by every means, he lacks confidence, as he picks up the pen. More often than not he ends up a victim of the remaining pernicious influence, walking down the evil path of regarding 'callousness as the best guarantee.'" (Wang Yuanjian: "Have the Courage To Write on Proletarian Human Nature," JIEFANGJUN WENYI [LIBERATION ARMY LITERATURE AND ART], No 3, 1979) In the early 1960's, prompted by the desire to counter this abnormal state of affairs in writing, Comrade Zhou Enlai pointed out poignantly in no uncertain terms: Due to "a kind of pressure," things like "'the theory of human nature,' 'human love,' 'humanism,' and 'utilitarianism' are confused." Referring specially to how the film "Da Ji and Her Father" was created, he pointed out: "When we dwell upon proletarian utilitarianism, human nature, friendly affection and humanism," "why should there be worries?" ("Selected Works of Zhou Enlai," Vol 2, p 339) But these valuable views were later not seriously acted upon. The extreme form of this trend or its representation in caricature can be found in "callous" literature and art like the disastrous "giving prominence to three things" which dominated the scene at a time when the "gang of four" ran wild. After the downfall of the "gang of four" and especially after the 3d Plenary Session of the 11th CPC Central Committee, an important task in the effort to bring order out of chaos on the literature

and art front was to release literature and art from such "leftist" trammels. Experience in literature and art creation in the past 8 years shows that with progress in building a highly civilized and highly democratic modern socialist state and with the vigorous development of literature and art in the new historical period, socialist humanism can surely be portrayed more fully and colorfully in our literature and art creations.

Of course, it must be further made clear that our aim in encouraging writers and artists to righteously portray and preach socialist humanism is to give our literary and artistic creations greater and more obvious ideological, moral, and emotional influence. It does not mean cherishing socialist humanism as the supreme and even the only banner of socialist literature and art. This is because first, socialist literature and art cover an infinitely wide field, with an unusually great abundance of ideas, where what they deal with in life is concerned. People's moral relations are only one aspect of the social life of all mankind. Though these moral demands should and naturally must permeate through people's political, economic, legal, ideological, cultural and all other social activities, they cannot take the place of various other social activities and cannot be the equivalent of all social life. Therefore, our writers and artists cannot confine their own range of vision to the area of morals and cannot depart from the wide-ranging base of social life in the isolated description of a given ethical principle or a moral standard. Second, an ideological banner of any kind for literature and art can, on the whole, only guide their given world outlook, concept of history, and whole ideological system. The ideological banner for socialist literature and art can only be the Marxist world outlook and concept of history, and the whole Marxist ideological system. Socialist humanism is only an ethical principle of treating people under the guidance of this world outlook or concept of history and is only part of the whole Marxist ideological system. If socialist humanism is treated as the supreme banner of socialist literature and art, then it is actually taken as a world outlook or concept of history. This means substituting it for the whole Marxist ideological system as the fundamental guiding idea for our whole cause of literature and art. Obviously, this is not proper. Third, as far as the moral demands in socialist social life as a whole are concerned, "socialist humanism belongs to a relatively low or fundamental level of this whole. As a moral demand, it is of a far more comprehensive nature. This is to say that it can and should also be accepted by the overwhelming majority of people." Therefore, on the one hand, our literature and art have a broad base of life and meet realistic needs in their active description of socialist humanism. Here, writers and artists can give full scope to their abilities. On the other hand, our socialist literary and artistic creations cannot rest satisfied with only the description of this "relatively low or fundamental level," and instead must march toward the description of the supreme contemporary moral level--communist morality--and also organically link the description of socialist humanism with the description of communist morality.

## II

Socialist society marks a new stage in the development of human history. It has also started a new stage in the development of humanism. This is because under the socialist system, the system of private ownership of the means of production has been eliminated. A new economic foundation and the state power of the laboring people have ensured that the state is capable of showing real concern and respect for the human dignity, fruits of labor, and legitimate interests of the workers and citizens, that the laboring people are really capable of showing mutual respect, unity and love, and that the masses of people have common ideals and aims. They have ensured that there is full possibility for socialist humanism as a new humanist moral principle at a still higher level to be actually realized and gradually realized in a more perfect manner. Socialist humanism and old bourgeois humanism are different in nature. Socialist literature and art in their description of humanism are also different from other kinds of literature and art in principle and have incomparable superiority.

The new real base upon which socialist humanism relies for its existence and development and the effect of historical materialism on them as a guide have dictated the appearance of certain features of new significance in socialist literature and art in their description and portrayal of humanism. One of these features is that like all fine literary and artistic works at home and abroad through all ages, socialist literature and art creations similarly attach unusually great importance to the social ethical contents of literature and art and their moral influence and to the artistic portrayal of humanism. But they are unlike works of bourgeois humanist writers who exaggerate the moral effect while giving it prominence in literature and art and who even go to the extent of moralizing history. Instead, they always insist upon using history to explain morality and put the descriptions of concrete human nature and of humanism as the realm of morality above a usually wide-ranging social background. Second, what are the relations between literature and art and the people, or what is the adopted attitude toward the people--this has traditionally been the touchstone for distinguishing progressive literature and art from reactionary literature and art. One of the significant factors accounting for the historical advance of bourgeois humanist writers and works lies in their expressing different degrees of sympathy for the downtrodden and suffering "nobodies." But given ignorance about the masses of people as the makers of history, such sympathy on their part can only be humanism with the compassion shown by a spectator watching from the top far removed from the actual scene. Socialist literature and art treat the masses of people as masters of their historical destiny and make it known that socialist new humanist goals at a still higher level can only be realized by relying on the masses' own great creative power. Third, as far as a moral principle is concerned, bourgeois humanism takes humanism as its core and socialist humanism takes collectivism as its core. The individualist outlook on life and concept of morality lead to protagonists portrayed by bourgeois humanist writers feeling always small and weak, lonely and helpless, sad and downcast, pessimistic and hopeless. The dynamic part of socialist humanism lies in its not being confined to the tight little world of an individual or personal

gains or losses, joys or sorrows, but striving to depict and individual's unanimity with society and the point that only as a member of the collective can every individual possibly give full play to his own wisdom, achieve something earthshaking, and also maintain always the lively spirit of historical optimism. Fourth, due to failure to find out the underlying driving force and the correct way for historical progress, and though capable of depicting longings for rational life of mankind ahead to a certain degree within a given scope, they can in essence be only armchair depicitors of imagined humanism. Just where bourgeois humanism is helpless and capable of only spreading fantasies, historical materialism has provided a realistic answer on the destiny of mankind. This means that a progressive ideal cherished over thousands of years is realized in the process of mankind's practice of social transformation. The realization of socialism has raised the moral level of human society to a new historical level. Socialist humanism as an ethical principle and a moral standard has in real and concrete terms existed in real socialist life and in various social relations among people under new historical conditions. Its actual depiction naturally provides a solid source of material for socialist literary and artistic creations.

With the Marxist world outlook and concept of history as a guide and the realities of revolutionary history and real life as a basis, the portrayal of revolutionary humanism and socialist humanism is a glorious tradition of our contemporary revolutionary literature and art. For example, revolutionary humanism is unusually obvious in the theme of the "old society driving a person so desperate as to become a 'ghost' and the new society turning a 'ghost' into a living person" conveyed in the well-known opera "White-Haired Girl" through peasants' resistance against landlords' oppression and exploitation. It is also deeply rooted in real life. Also, while portraying comprehensive and profound historical changes, works like "The Sun Shines on the Sanggan River" reflecting the rural agrarian reform and the struggle to suppress bandits and fight local tyrants, "A Windstorm and a Cloudburst," the "Morning of Shanghai" describing the process of transformation of urban capitalist industry and commerce, and so forth have given expression to the ethical contents of revolutionary humanism and socialist humanism embodied in the new democratic revolution and socialist revolution under the leadership of the CPC. Fine works like these have demonstrated the influence of revolutionary morality but without at the same time moralizing history. Instead, they have correctly reflected the essence of social life and the laws of historical development and correctly depicted morality itself as something determined by economic relations and something that changes with changes in all social life.

Many fine works that have appeared in recent years have also given expression to the ideological contents of revolutionary humanism or socialist humanism in the process of depicting changes in our revolutionary history and real life. Instead of using morality to explain history, they have graphically presented the new democratic revolution and socialist revolution and socialist construction under the leadership of the CPC as the real driving force behind the advance of history. The moral spirit of revolutionary humanism and socialist humanism is not dissociated from history

and real-life struggle and is instead closely combined with political, economic, and social changes and with socialist construction to form an aspect of them. For example, in the prize-winning short novel "The Qiuxue [Autumn Snow] Lake Love," if it is divorced from the hard and particular political struggle full of self-sacrificing spirit of the whole squad of fraternal soldiers led by its squad leader Yan against the lackeys of the "gang of four" in defense of poor peasant woman Lu Hua and her relatives, then the radiance of socialist humanism in the figures of the novel cannot be called forth. These useful experiences in creation tell us that in literary and artistic creation, just as in real life, "we must associate the explanation, propagation, and practice of socialist humanism with political, economic and social changes and must not separate the former from the latter."

In our social life at the current stage, the actual description of socialist humanism is infinitely vivid and extremely rich and colorful. With the perfection and development of the socialist system, its actual description will become increasingly rich and colorful. In line with this, the description by our literature and art creations of socialist humanism with the Marxist world outlook and concept of history as a guide should be similarly rich and colorful and be a case of a hundred flowers blossoming and continuously turning out something new.

### III

For literary and artistic creations to correctly and profoundly depict socialist humanism--this is a test for writers and artists not only in ideological and theoretical training but also in upholding the correct ways of writing and acting strictly according to the laws of art. In other words, the demands of ideological trends in socialist literature and art and the demands of the laws of art here are entirely synonymous.

Just as mentioned above, socialist humanism is not only a scientific abstraction in concept but also actually exists in real socialist life first, developing and changing with developing and changing social relations and historical conditions as a whole. That kind of human nature and humanism as something inborn, lasting, and unchanging cannot be found in actual life. Therefore, only by really acting according to the demands of revolutionary realism and revolutionary romanticism and the methods of creation of "two integrations," and insisting on proceeding from factual life and not from subjective ideas in writing can writers and artists spell out concrete historical human nature and socialist humanism and also be capable of vividly depicting them and determining and restraining their social relations and even the internal relations in life of the whole era. Thus, not only is the moral influence of art brought to bear but the nature of life and trends of development can also be correctly reflected. On the contrary, if we act against the laws of art and create from the imagination, treating the images of figures and story scenes as just mouthpieces and decorations for the propagation of abstract human nature and humanism and using "images" to illustrate the theme, we would not only end up distorting history and realities but also inevitably fail artistically.

As far as this point is concerned, the contradictions universally existing in the works of those fine writers and artists in history still have an enlightening effect on us. On the one hand, as writers and artists criticizing realism or active romanticism, they are capable of depicting concrete and genuine human nature and depicting humanism as moral principles in many given situations, doing so in accordance with the demands of the laws of art and in light of actual life. At such a time, they show the outstanding talents of great artists, reflecting in certain respects the essence of life and presenting things in vivid colors and even coming out with model works of art as brilliant records of history. On the other hand, as writers on abstract humanism and the preachers of the humanist world outlook and concept of history, they act against the demands of the laws of art in certain respects and concoct scenes like "the pangs of conscience" by drawing on their subjective ideas, and even replace artistic description with sermonizing. At such times, not only are the ideological contents of works on the wrong tack but the laws of writing are also violated where the demands of art are concerned.

Compared with their counterparts of the past, writers and artists of the socialist era should and can perform much better in line with the demands of the laws of art. In fact, since the downfall of the "gang of four" and especially since the 3d Plenary Session of the 11th CPC Central Committee, with the trammels of "leftist" patterns and the call for putting themes in command lifted, most writers and artists have proved capable of striving to depict genuine human nature and socialist humanism in light of the facts of life. This is also a factor that should not be overlooked that accounts for outstanding achievements scored by socialist literature and art of the new period of our country in depicting human nature and socialist humanism. For example, the capacity of the "Garlands at the Foot of a High Mountain" to portray the beautiful human nature, human feelings, and socialist humanism of the commanders and fighters of our army of the contemporary era in such a truthful and moving manner while giving expression to communist ideals of course directly reflects the writer Comrade Li Cunbao's effort in studying Marxism-Leninism-Mao Zedong Thought to raise his own level of ideological awareness. Meanwhile, it is also a result of his getting deeply involved with the realities of life and strictly meeting the demands of the revolutionary realist way of writing under the guidance of historical materialism. He is a writer with the Jinan PLA Units. He is well acquainted with army life. In the spring of 1979, he again followed the army to the field of the battle in the self-defense and counterattack against Vietnam to make an on-the-spot investigation. Once, he even "came close to being ambushed by renegade Vietnamese secret service personnel." He personally "experienced a great bloodbath involving the shedding of the hot blood of martyrs." The bloodstained "family" lists of unsettled accounts in the pockets of Liang Sanxi, Jin Kailai, Xue Kaihua and Zhao Mengsheng reflects the very moving "truth of life." Even the touching scene of Han Yixiu and Liang Daniang helping settle "accounts" for Liang Sanxi also presents in a typical manner--based on the fact that the widow of a martyr, "with money paid to her for the bereaved and with what she had received from the maternal side for the marriage," went with her mother-in-law to the army headquarters to contribute toward settling "accounts" for the martyrs. (Li Cunbao: "Explanatory

Remarks on 'Garlands at the Foot of a High Mountain,'" SHIYUE [OCTOBER], No 6, 1982) In this sense, the success of "Garlands" in depicting socialist humanism is the success of the revolutionary realist way of writing. Comrade Shi Yan also told the readers that "The Qiuxue Lake Love" was a result of his living a life of "3 years of mixing with company fighters day and night" when he was sent to work at a pig farm during the 10 years of turmoil, and was produced on the basis of a rich accumulation of experience in line with the principle of typifying art. (Shi Yan: "Remarks on the Writing of 'The Qiuxue Lake Love,'" XIAOSHUO XUAN KAN [NOVEL SELECTION MAGAZINE], No 1, 1984) The laws of art are also objective laws. Before the laws of art, everyone is equal. It cannot be considered too long a period spent since young writer Li Cunbao began his writing career. His experience cannot be considered too rich where writing skills are concerned. But the kind of success achieved in a short period due to realistically acting according to the demands of the laws of art and firmly proceeding from the facts of life can provide a very good explanation.

On the other hand, as far as guiding thoughts are concerned, in depicting their so-called theme of "humanism," a small number of writers do not just fall into the trap of historical idealism treating human nature as something inborn, fixed, and abstract. They also think nothing of the laws of art. They neither face up to the realities of life nor bother about any principle of typification. Instead, they rely upon a fixed subjective framework based on abstract human nature and humanism to shape realities, even to the extent of going against the logic of life and the common sense of life. They naturally end up distorting the essence of life and causing the failure of a work.

We also noted that some writers subjectively want to preach socialist humanism. This desire on their part is a good one. But they do not know how to understand and get hold of the connotations of socialist humanism in actual socialist life and actual relations between people. They pay no attention to proceeding from the realities of life. Therefore, in writing, they fail to spontaneously reveal their own ideological trends through the evolution of acts and scenes in line with the demands of "typical figures in typical circumstances." Instead, they forget reality in deference to concepts and adopt "Schiller's" way of "specially spelling things out" in preaching their own subjective ideas. Works written this way often fail, to different degrees. They show a lack of artistic influence. The relevant writer's interpretations of socialist humanism are also often inadequate and inaccurate. This shows that no matter what theme is put first and no matter what subjective idea is drawn upon in concocting scenes for the sake of sermonizing, it is a case of running counter to the demands of the laws of art and is actually a restraint on literature and art creation.

In sum, we must depict genuine human nature and especially beautiful human nature and new socialist humanist spirit better in the new era of our country and combine this organically with the portrayal of communist moralities and ideals, in order to further strengthen the influence and educational significance of socialist literature and art. Toward this end, writers and artists should "apply the dialectical-materialist and historical-materialist

viewpoint to observing the world, observing society and observing literature and art," as repeatedly stressed by Comrade Mao Zedong. They should live intensely and go into the depths of the ocean of life of the masses of people as a source of creation and continuously raise their consciousness by strictly following the demands of the laws of art in writing.

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NEW PAIN AND ANXIETY OF THE SOUL--ON READING 'PLATEAU WIND'

Beijing RED FLAG in Chinese No 7, 1 Apr 85 p 42

[Article by Zeng Zhenman [2582 6966 0589]--written 29 January 1985; passages within slantlines published with underlining]

[Text] Wang Meng [3769 5536] is a writer who is highly sensitive to the new changes, new demands, and new tendencies in life. He is extremely good at capturing the new pains and the new anxieties which are continually appearing in the souls of contemporary mankind, and at jabbing at those souls which have gradually become content, satisfied, and insensitive.

Here is an author who really stirs the emotions!

In a big city where buildings soar all around, in a unit divided into two, lives Song Chaoyi, a special-grade teacher who "already has the eight moderns" and has relatives overseas. But unexpectedly he has stirred up a "plateau wind"!

This powerful wind which "blows wildly" in Song Chaoyi's heart does not blow from the beginning of the novel. It is hidden at the end. In words which vary greatly in style and which appear leisurely, the momentum grows. Then abruptly it is there, blowing on you and waving the banners of your heart, carrying your thoughts away uncontrollably.

After experiencing hardships and poverty for most of his life, Song Chaoyi is finally able to live and work in comfort. He is able to make his life "cheerful." His material life, his work as a teacher, his social prestige and so on, are neither exceptionally good, nor cause for complaint. "Seeking, risking new dangers and new struggles, being misunderstood and criticized, and all such things which cause people's hearts to shiver--such things were no longer his affair." But then, he falls into new spiritual suffering. His relationship with his wife and that with his son both saw new crises and new omens. "How easy it is, on gaining a house, to have that house shaken by an earthquake."

From this quaking, Wang Meng sees the new shadows which occur in a life of plenty, understands clearly the new spiritual thirsts which occur as material wealth increases, and hears the sounds of the torrents of life. Perhaps he is providing some of his own unique experiences.

He opens to us particularly vividly the fear on one hand and the deep certainty on the other, the easy conscience on one hand and the burning worries on the other which are the spiritual world of Song Chaoyi. He writes with so much anxiety about the pain Song Chaoyi feels over his "wealth" that he causes each person whose soul is still seeking excitement, to feel as though they have been scorched.

In responding to the sounds of Song Chaoyi's heart, as he probes his spirit, people must ask questions of themselves. When life is no longer painful, and when one is rich, will we then /"hurt inside ourselves"?

This is a general spiritual problem found in modern society. It is also a perpetual question related to /mankind's/ permanent dissatisfaction with his own /great nature/. There was a Russian playwright who used the perspectives of the "pain of intelligence" to provide a perspective of his times. Wang Meng has used the "pain of wealth" as his perspective and has thus perhaps brought forward a perspective of the future.

Art aims at life, and allows a little bit of the future to be brought forward.

Song Chaoyi is a bearer in terms of the "pain of wealth." His greatest suffering is over the fact that he and other people have fallen into a situation of satisfaction where they do not know "what they still need." "Contentment and satisfaction," "not burning for anything" and other such social habits, encourage and promote this type of spiritual apathy. Thus he and Jiang Chun, his much more clear-headed wife, lack any mutual understanding. He is also confronted by his son Long Long whom he resents and abuses for being frivolous and selfish.

What enables Song Chaoyi to cast off his "pain of wealth" is not ideological discrimination by thinking long and hard, but is life itself, which sees a dramatic development as sudden as a thunderbolt! It is the wind on the plateau which has called his son and future daughter-in-law!

Long Long, in opposing Xiao Li, was choosing a lively force which was to change his stagnant and mediocre life. His choice was like a strong light by his side, illuminating the innermost depression and seeking of this son who was seen as frivolous and selfish by his father. In his frivolous, depressed, and skeptical views, in his joking and irreverent tone, and in his aimless reading, he was actually "suffering, like many other youths, a real and great pain in his life and soul." This is also a type of "pain of wealth." Because they have gotten their wealth out of thin air, from their fathers, when the young enjoy this wealth their loss of a sense of self is particularly felt. It is thus that we see two grey hairs on the head of 26-year-old Long Long!

Comprehend this new pain and new thirst of youth! Youth also has the right to have dreams and aspirations! Wang Meng's appeals are spread far and wide by the plateau wind. Only Wang Meng is able to appeal for the dreams of the Long Long's and the Xiao Li's in a way which stirs people's hearts, and

is able to use this appeal to awaken those people "who are no longer young."

In these two senses, the wind which blows from the plateau makes us all feel a little shiver. ("Plateau Wind" has been published in RENMIN WENXUE, No 1 of 1985)

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## DISCUSSION ON REFORMING THE TEACHING OF POLITICAL ECONOMY (SECTION ON SOCIALISM)

Beijing RED FLAG in Chinese No 7, 1 Apr 85 pp 43-46

[Text] Improve Teaching Materials and Teaching in the Spirit of the 'Decision'

(By Jiang Xuemo [5592 1331 2875], professor of economics at Fudan University)

The decision of the party Central Committee on reform of the economic structure is an important breakthrough in socialist political economics extending from the structure as a whole to a series of theoretical viewpoints. As soon as the "Decision" was announced, comrades engaged in teaching and conducting scientific research on political economics began to think of the ways and means to improve teaching and compile anew the socialist portion of educational materials in the spirit of the "Decision." I will dwell on several of my views on this problem in this article.

### A Reunderstanding of Socialist Economy as a Whole

The "Decision" has charted for us a blueprint for the reform of the economic structure, with cities as the focal point. The problems it touches on are comprehensive and are concerned with a reunderstanding of socialist economy as a whole. The socialist economy advocated in the "Decision" is a scientific conclusion of a planned commodity economy on the basis of the public ownership system of the socialist economy. Enterprises under the socialist system of ownership by the whole people should truly become relatively independent economic entities and become socialist commodity producers and operators who operate autonomously and are solely responsible for their own profits and losses. They possess the idea of being capable of self-development and self-transformation, as well as a string of new theories, new viewpoints, new arenas, and new policies which reflect socialist economic relations and socialist economic operations and which touch on the various sides of socialist production relations such as the ownership system, reciprocal relations, and distribution relations and also on the various stages of socialist economic operations such as production, distribution, exchange, and consumption. This is a full-scale and important breakthrough in the theoretical structure of socialist political economics and encourages us to gain a reunderstanding of the socialist economy as a whole.

Has this reunderstanding been expressed in the following?

First, regarding the socialist economy, particularly the economy of the system of ownership by the whole people, the traditional viewpoint has been to look at it as a piece of iron plate, seeing only its united and centralized character. The "Decision" leads us to rectify the one-sided nature of this traditional concept and establish an overall viewpoint which reflects objective realities, viewing the economy of the system of ownership by the whole people as an economic form which organically links the whole interests of workers of the society, the group interests of some workers in enterprises, and the individual interests of employees and other workers; which has a unified but relatively independent character; and which has a centralized but flexible character.

Second, regarding the socialist economy, particularly the economy of the system of ownership by the whole people, the traditional concept has been to look at its movements as movements of a unilateral layer and as economic movements which only display the positivism of the state's centralized and united leadership and should be carried out under the administration system for the mandatory planning of government organs at various levels. On the other hand, the "Decision" leads us to rectify the one-sided nature of this traditional concept and makes us realize that the movements of the socialist economy require a correct display of the state's functions in guiding and administering the national economy and paying close attention to fully displaying the enthusiasm, initiative, and creativeness of the enterprises in production and management as well as of the staff members and workers. As for regulating socialist economic movements, it is necessary to resort to administrative measures and to pay close attention to the conscious use of the law of value. We should also learn to use various economic measures such as credit and loan, interest, taxation, and especially price, which is the most effective economic measure.

Third, the traditional concept views the socialist economy as a closed economic system. It not only has misinterpreted the independence, autonomy, and self-regeneration of socialist countries in their foreign economic relations as being equivalent to having closed doors and a locked country, but in regard to internal economic activities, has established spheres of influence and blockade zones in accordance with departments and localities. The "Decision" guides us to rectify this erroneous traditional concept. It makes us realize that the socialist economy should be an open economy and that two directions of opening to the outside should be enforced. That is, in external economic relations it is necessary to start from the realities of the socialization of the productive forces having exceeded the realm of one country and the objective existence of an international division of work, to carry out opening to the outside, and to actively develop external economic cooperation and technological exchanges on the basis of independence, autonomy, self-regeneration, equality, mutual benefit, and observance of mutual trust. In internal economic relations, it is necessary to operate in accordance with the nature of planned commodity economy on the basis of the system of public ownership, to carry out opening to each other among the various trades and industries and localities, and to develop horizontal

economic links and economic combinations so as to promote the healthy and lively development of the socialist economy.

### Rearranging the System and Structure of Educational Materials

Since, in regard to the theoretical principles, guidelines, and policies for the reform of our country's economic structure, the "Decision" reflects a reunderstanding of socialist economy as a whole, it follows that in improving socialist political economics in the spirit of the "Decision," we cannot confine ourselves to simply inserting the new ideas and new arenas advocated in the "Decision" into the old framework. It is necessary to make new arrangements for the entire system and structure.

When compiling new educational materials for political economics, what changes should be included in the structure of the socialist portion? In my opinion, at least the following should be included:

First, close attention should be paid to the socialist economy being subordinate to commodity economy. This should be adequately noted in the system and structure. In the old system and structure, the problems of socialist commodity production and the law of value were not touched on until very late. Frequently the topics of socialist commodity production, commodity circulation, and the law of value were lumped together for analysis in a single chapter. Thus, when analyzing the basic economic laws of socialism and the laws governing the planned development of the national economy, people are under the erroneous impression that socialist economy is a form of product economy which is completely divorced from the relations of commodity and currency. Such a structure, which is severely divorced from objective realities, naturally cannot truly and fully reflect socialist economic relations and the movements of the socialist economy. In my opinion, under the new structure, at the very start of the analysis of the public ownership system of socialism it is necessary, based on the related but separate powers of ownership and management of the two socialist economies under the public ownership and management of the two socialist economies under the public ownership system and the system of ownership by the whole people, to reveal the objective conditions of the existence of socialist commodity economy. Following this, when analyzing the basic special features of socialist production, it is necessary to point out that socialist production is commodity production on the basis of the public ownership system and to discuss commodity production on the basis of the public ownership system and to discuss commodity production as a basic special feature of socialist production. Subsequently, when analyzing the regulatory mechanisms of socialist production, in the same chapter it is necessary to discuss the law of planned development and the law of value. Only by so doing can we explain the establishment in the planning system of the conscious use of the law of value. As a matter of fact, since socialist economy is planned commodity economy on the basis of the public ownership system, production, distribution, exchange, and consumption under socialism cannot be separated from commodity and monetary relations. Analyses of commodity and monetary relations should be made throughout any analysis of socialist economic movements and should not be contained in one chapter only as in the case of the old structure.

Second, socialist enterprises, as relatively independent (enterprises owned by the whole people) and independent (collective enterprises) enterprises which concretely bear the burden of socialist production and operations, should be given due consideration and should be correspondingly noted in the new arrangement of the structure. In the highly centralized old structure, stress was laid on reflecting the macroeconomic activities of the national economy, while reflection of the microeconomic activities of the enterprises was essentially ignored. With the exception of the chapter on business accounting which touches on this layer of the economic operations of the enterprises, the other chapters and sections were devoted to writing from the angle of the national economy as a whole. This also applied to discussions on distribution according to work, which is closely related to the interests of the individual. At present, with the changes in the basic understanding of the socialist economy, in order to factually reflect the multilayer socialist economic movements associated with economic interests, it is necessary, whether in regard to the production process or the circulation process, to make analyses from the angle of macroeconomics as well as the angle of microeconomics. Hence, it is necessary to give prominence to the analysis of this layer of the economic movements of the enterprises. In analyzing the purpose of socialist production, it is necessary from the start to explain that enterprises owned by the whole people are relatively independent economic entities. Following this, in analyzing the purpose of socialist production and the regulatory mechanisms of socialist production, and in the sections on the responsibility system, circulation, and distribution, we must not only touch on the national economy, but also on the enterprises.

Third, in the past system and structure, greater attention was paid to production and a great proportion of the chapters and sections were devoted to the analysis of production. The presentation of the sections on circulation, distribution, and consumption, particularly the circulation of commodities and the sections on currency circulation and credit related thereto, was rather weak. Such a structural system was closely related to the traditional concept of not recognizing the socialist economy as a commodity economy and not sufficiently stressing commodity production and the law of value. Since the socialist economy is a commodity economy, in international economic relations and relations among the various localities and departments within the country, economic links can be realized only through the circulation of commodities. The implementation of the principles of a division of labor and raising the people's consumption level are inseparable from commodity circulation. Hence, theories must more fully reflect the functions of commodity circulation and of currency circulation and credit in the socialist economic system.

Fourth, since the 3d Plenary Session of the 11th CPC Central Committee, in the course of the readjustment and reform of the national economy, the party and government have repeatedly emphasized the importance of developing commerce, the service trades, communications, transport, the finance industry, and the educational enterprises, that is, the departments of the what is called the third industry by Western economists. Whether or not this third industry should be employed in socialist political economics is a question

for discussion. In the course of socialist modernization, following the rise in the labor productivity rate of the material production departments, the proportion of workers in the material production departments in society's gross labor power will naturally gradually decrease, while the proportion of workers in the spiritual production departments such as education and science and in the principal departments of the third industry such as commerce, the service trades, banks, insurance, and trusts, as well as the various nonproduction departments such as the administrative, legal, and public security organs, will naturally increase. Socialist economic movements are not identical with the isolated movements of the material production departments but are intimately related to the spiritual production departments and to commerce, the service trades, and the financial departments. Socialist political economics should break through the old conventions of the material production movements. Certain chapters and sections should be devoted to revealing the relations of mutual dependence and mutual restrictions of the various labor departments in the process of socialist economic movements. Although the problems in this connection were not emphatically dealt with in the "Decision," they definitely constitute important problems in our country's socialist modernization program since the 3d Plenary Session of the 11th CPC Central Committee. In his report to the 12th CPC National Congress, Comrade Hu Yaobang stressed these problems. They should be duly reflected in the structure of the educational materials.

Letting a Hundred Flowers Blossom and a Hundred Schools of Thought Contend Under the Prerequisite of Striving To Theoretically Reflect the Spirit of the "Decision"

The "Decision" is of great significance in the development of socialist political economics. We should study it as a part of socialist political economics which integrates the basic principles of Marxism with China's realities. There is no contention about this. However, opinions differ on the important points of breakthrough the "Decision" has made in socialist political economics. As for the new theoretical viewpoints advocated in the "Decision," the understanding is not entirely unanimous. Regardless of whether the difference in understanding concerns the overall structure or individual conclusions, it will lead to disparities in arranging the educational structure and in theoretical expositions. It seems unnecessary to compulsorily seek unanimity in learning and interpretations. We should instead implement the guideline of letting a hundred flowers blossom and a hundred schools of thought contend, and seek a solution by means of open discussions and actual practice in teaching and in compiling the texts.

In the new compilation of the texts on political economics in the spirit of the "Decision," a related follow-up and development problem must be correctly handled. The "Decision" is a reunderstanding of the socialist economy in its entirety and embraces a series of new theories, new viewpoints, and new arenas. In the new compilation of the texts, these must all be fully reflected. This does not mean to say that the teaching texts compiled before the 3d Plenary Session of the 12th CPC Central Committee must all be thrown away, refuted, overthrown, or rewritten. The 3d Plenary Session of the 12th CPC Central Committee, after summing up the experiences



in actual practice in the reform of the economic structure of the cities and the countryside since the 3d Plenary Session of the 11th CPC Central Committee and making a series of efforts in bringing order out of chaos in the theories on socialist economic construction, was able to bring up in the "Decision" a systematic theory and a program for reform of the structure. Between the 3d Plenary Session of the 12th CPC Central Committee and the 3d Plenary Session of the 11th CPC Central Committee, the 6th Plenary Session of the 11th CPC Central Committee and the 12th CPC National Congress, there is a problem of follow-up and developmental relations. There are also follow-up and development questions from the period both before and after the 3d Plenary Session of the 11th CPC Central Committee (not including the 10 years of the "Great Cultural Revolution"). In addition, there is a hereditary and development problem between the practice and theories of China's socialist construction and the socialist theories of Marx, Engels, Lenin, and Stalin. In handling these hereditary and development relations, which traditional viewpoints must be changed? Which must be retained, and to what extent? When explaining the new viewpoints, is it necessary to briefly discuss the historical development of socialist economic theories? In handling all these problems, it is not possible that everyone will have the same ideas. Unanimity can only be gradually acquired through open discussions and compilation of the teaching methods and texts.

Letting a hundred flowers blossom and a hundred schools of thought content is the only correct guideline to promote the development of art and the progress of science. This guideline is entirely applicable to the social sciences and to Marxist theories. In the work of improving, in the spirit of the "Decision," the teaching methods and teaching materials on socialist political economics, we should allow each person to express his special views, based on his own understanding, concerning arrangements for the system and structure and concerning the theories, and perhaps open up a little socialist contest and socialist competition. In my opinion, this can only be positive.

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CAN THE POLICY OF HIGH INCOME AND HIGH CONSUMPTION BE IMPLEMENTED IN OUR COUNTRY IN THE PRESENT STAGE?

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[Article by Li Yining [0632 0110 1380]]

[Text] A close relationship exists between consumption and income. Despite the fact that among people with different incomes the proportion of income which individuals spend on consumption may differ, in society as a whole, consumption and income generally maintain a fairly stable ratio to each other: High consumption comes from high income and under conditions of low income there can only be low consumption. In reality, high income coupled with low consumption and low income coupled with high consumption is unworkable. If a country's policy of consumption must follow one of these patterns, then under the former conditions, there will inevitably be a heavy stock-piling of commodities, economic stagnation, and depression in all industries and trades; while, under the latter conditions, not only will there be stringency in the markets and a rise in commodity prices but also the national power will be depressed, construction will be hopeless, and the whole economy will be in a confused state.

From this it can be seen that consumption and income must be coordinated and a definite consumption level must be suited to a definite income level. This being the case, what is the determinant of the income level? This consists of two parts: One is: What is the determinant of the national income? The other is: What is the determinant of the individual's income? The level of the national income is principally determined by the quantity of labor and the high or low labor productivity rate. On the logical premise of a fixed labor input, the higher social labor productivity, the greater will be the national income and the faster the increase in labor productivity, the faster the increase in the national income will be. The income level of the individual is first of all determined by the gross volume of the national income and society's system of distribution of income. In a socialist society which enforces distribution according to work, whether the individual's income is large or small is determined by the quantity and quality of the labor input of the individual. Hence, under a fixed system of income distribution, the individual's level of income, in the last analysis, is still determined by the level of the labor productivity rate. Relatively low labor productivity determines a relatively low level of national income and

relatively low individual income. This will make a relatively high consumption level impossible. Contrarily, to achieve a relatively high consumption level, it is necessary to have a relatively high level of national income and a relatively high level of individual income. And this can only be realized under the conditions of a relatively high labor productivity rate.

At the present stage, the labor productivity rate of our country is much lower than that of the developed capitalist countries which have high income and high consumption. As for the reasons for the current low labor productivity of our country, they must be sought from a historical analysis. Of the various factors determining the labor productivity rate, the most important is the level of development of science and technology, because the development of science and technology can transform the means of production, raise the scale of technical proficiency of the producers, bring about a more rational use of the means of production, and so forth. Labor productivity of developed capitalist countries is relatively high precisely because their science and technology is advanced. This in turn enables their productive forces to be on a relatively higher plane. Because of historical reasons, it was under the conditions of a low level of the productive forces and backwardness in science and technology that our country began socialist economic construction. These conditions not only have determined that present low level of our country's labor productivity but also have made it necessary for us to devote the utmost efforts to developing the productive forces and science and technology. Only by so doing can we make our labor productivity rate gradually approach that of the developed capitalist countries. In other words, at present we do not have the conditions for enforcing a policy of high income and high consumption.

A comparison of the economic development of various countries has shown that certain developing countries, departing from the actual conditions of their own countries and under the conditions of a still relatively low level of labor productivity, proceeded to greatly increase their consumption and eventually suffered damage to their economies. On the one hand, over-expansion of consumption in these countries brought about a serious shortage of social investment funds and caused the spending of the country's already limited foreign exchange reserves on imported consumer goods whereas badly needed production equipment could not be imported due to the lack of foreign exchange, thus adversely affecting economic development. On the other hand, as a result of the over-expansion of consumption, there was a serious dislocation between the volume of commodities which the state could supply and the consumers' demands. The consequences were a dire shortage of commodities in the markets and a sharp rise in commodity prices. At the same time, the state, in order to pacify the people's feelings of discontent over the insufficient supplies, had to use a relatively large portion of the manpower, material resources, and financial power, originally intended for developing production of the means of production, on the production of consumer goods, thus affecting the course of economic development. All this shows that high consumption on the basis of low labor productivity not only cannot increase the benefits to the residents but also damages their welfare. What is particularly worthy of note is that high consumption under the conditions of low labor productivity will inevitably bring about the

following vicious cycle: Consumption expansion leads to insufficient accumulation while insufficient accumulation leads to stagnation in the development of the productive forces, to labor productivity being unable to increase, and to the inability to increase income. Under the conditions of a population increase and of a steady rise in the ratio of elderly people in the population, the imbalance between the trio of consumption, income and labor productivity will be further intensified. This amounts to what foreign economists have warned us of as the evils of "premature consumption" (meaning a situation in which the productive forces have not yet reached the level of the developed countries but in which consumption keeps pace with the developed countries).

Following the development of science and technology and improvement in labor productivity, there will naturally be an increase in the national income and in individual income. Hence, our country's gradual transition to high income and high consumption will be an irreversible course of events. But the key lies in the fact that we cannot disobey the objective economic laws and artificially enforce the policy of high consumption in advance but should make an adequate estimate of the new problems that may be met with in the course of this transition (such as the problems of the supply of electricity and energy that will be encountered following changes in the consumption patterns of the residents, changes in consumption concepts, readjustments in the production structure of consumer goods, and steady increases in consumption), and should energetically create the conditions for the transition to high income and high consumption. An important condition is: Simultaneously with striving to increase labor productivity, it is necessary to control the expansion of consumption funds and strictly control the rate of increase of wages (including bonuses) within the limits of a fixed percentage of the rate of growth of labor productivity. It should be known that in any society, if the rate of increase of wages (including bonuses) is equivalent to, or higher than, the rate of growth of labor productivity, the society's economy will meet with difficulties and that this is true with both the developed countries and the developing countries. Labor productivity must be increased before incomes can be increased and, in turn, incomes must be increased before consumption can be increased. It appears that only this is the correct road to bring about increases in income and consumption in our country.

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RECOMMENDING THIS BOOK TO YOU--A REVIEW OF 'AN EXPLANATION OF "MATERIALISM AND EMPIRIO-CRITICISM"'

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[Article by Meng Fansen [1322 5694 2773]]

[Text] Another book by Comrade Yang Xianzhen [2799 3759 3791], a famous older-generation philosopher of our nation, entitled "An Explanation of 'Materialism and Empirio-Criticism'" was published not long ago by the Henan People's Publishing House. This is an excellent event. Lenin's famous "Materialism and Empirio-Criticism" touched on all the important facets of Marxist philosophy. It is an important classical treatise on Marxist philosophy which must be read. The book "An Explanation of 'Materialism and Empirio-Criticism'" greatly assists our study of "Materialism and Empirio-Criticism." This book is based on a series of lectures Comrade Yang Xianzhen gave in the 1950's. It has the following distinctive characteristics:

1. It explains the profound in simple terms and is easy to understand. As the lectures were aimed at students of Marxist-Leninist colleges, who were generally not too conversant with philosophy, Comrade Yang Xianzhen, in his lectures on this difficult work "Materialism and Empirio-Criticism," used the guided reading approach. He read a paragraph, and explained the difficult parts with a few sentences. After completing a section, he would recount the main points. After completing a chapter, he would again go over the basic points and string them together. This approach not only received the praise of the students who listened attentively to Comrade Yang Xianzhen's lectures in those days, but has also been welcomed by those comrades who are reading "Materialism and Empirio-Criticism" today.
2. It first explains methods and then explains principles. This book clarifies the purpose and themes from the very beginning. The first article sets down the four guiding principles it is necessary to adhere to in studying "Materialism and Empirio-Criticism." It notes the main points for study, and tells everyone how to overcome the difficulties encountered in study, how to use the methods of reading, discussing, and thinking, and how to arrange notes in a comparative table under the headings of "idealist" and "materialist." In providing guidance in the reading of Lenin's work, Comrade Yang Xianzhen's comments concentrate on the main points. These

comments are concise and comprehensive, and he consciously made them "not too brief and not too long." This is difficult to achieve and is worthy of praise.

3. It is faithful to the original, and does not mix in "contraband" materials. Comrade Yang Xianzhen is a meticulous scholar and this book faithfully interprets the basic stand, views, and methods of "Materialism and Empirio-Criticism." It is very advantageous to a reader in gaining a thorough understanding and in mastering Marxist philosophical thought. It should also be noted that at the end of the 1950's and at the beginning of the 1960's, Comrade Yang Xianzhen was drawn into the debate over "the identity of thought and being." Even today opinions differ on this question and everybody has their own opinion. However, this book does not touch directly on this debate, or force the writer's opinions on others. As to Comrade Yang Xianzhen's own ideas, there is an article entitled "Correcting a Mistake in Philosophical Education." It is appended at the back of the book as a reference for readers. Thus, regardless of whether people agree with Comrade Yang Xianzhen's ideas or not, reading his "An Explanation of 'Materialism and Empirio-Criticism'" will be beneficial to them, and they will not have to tell a soul that they have read it.

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